

**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2005
(With Independent Auditors' Report Thereon)**

**Prepared by:
Office of the City Comptroller**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Grosse Pointe Woods	County Wayne
Audit Date 6/30/05	Opinion Date 10/21/05	Date Accountant Report Submitted to State: 12/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PricewaterhouseCoopers LLP			
Street Address 1900 St. Antoine Street		City Detroit	State MI
Accountant Signature <i>Danell Bink</i>		ZIP 48226-2263	Date 12/21/05

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June 30, 2005

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**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005
SECTION I - INTRODUCTION**

City of Grosse Pointe Woods, Michigan
City Officials
June 30, 2005

MAYOR

ROBERT E. NOVITKE

CITY COUNCIL

MAYOR PRO-TEM
COUNCILWOMAN
COUNCILMAN
COUNCILWOMAN
COUNCILMAN
COUNCILWOMAN

PATRICIA K. CHYLINSKI
LISA PINKOS-HOWLE
DARRYL A. SPICHER
DONA DESANTIS REYNOLDS
ALLEN DICKINSON
VICTORIA GRANGER

**CITY
ADMINISTRATOR**

MARK WOLLENWEBER

**FINANCE DIRECTOR/
TREASURER**

CLIFFORD J. MAISON

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP



CITY OF GROSSE POINTE WOODS

20025 Mack Plaza Drive
Grosse Pointe Woods, Michigan 48236-2397

November 14, 2005

To the Honorable Mayor and City Council of the
City of Grosse Pointe Woods, Michigan

The Comprehensive Annual Financial Report (C.A.F.R.) of the City of Grosse Pointe Woods, Michigan, for the fiscal year ended June 30, 2005 is submitted herewith, in accordance with provisions of Section 8.7 (Charter) of the City of Grosse Pointe Woods and the rules and regulations as put forward by the State of Michigan Department of Treasury. This report was prepared by and is the responsibility of the City's Finance Department. This document represents the official report of the City's financial operations to its residents, elected officials, employees, investment firms, banks and rating and regulatory agencies and other interested parties. The data as presented in the report is accurate in all material respects, is shown in a manner designed to clearly and fairly set forth the financial activity of all the various funds established and utilized by the City and that all disclosures have been included to enable the reader to gain the maximum understanding of the City's financial operations. The independent auditing firm of PricewaterhouseCoopers L.L.P performed the annual audit of the City of Grosse Pointe Woods financial statements and has issued its unqualified opinion here within.

Format

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. This narrative details the Finance Director's letter of transmittal and introduces the reader to the City's financial background, the legal requirements he is expected to follow and details of financial/economic events that occurred during the year and impacted the financial statements. It is important to note that this letter complements the management and discussion analysis which is found in the financial section. The introductory section also includes the municipality's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis of the basic financial statements and the combining and individual fund statements, schedules and accompanying footnotes to the financial statements, and most importantly the auditor's opinion on the financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, where practical, presented on a multiyear basis. Also included in the statistical section are filings required by the United States Securities and Exchange Commission depicting necessary disclosures in regards to the 2004 Park Refunding Bonds, 2003 Water and Sewer Revenue Bonds and the 2003 Water and Sewer Refunding Bonds.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2005

This document consists of management's representations concerning the finances of the City of Grosse Pointe Woods. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these presentations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Reporting Entity

This report includes all funds for which the City's elected officials have operational and financial authority. This authority implies that the elected and administrative officials are legally responsible for establishing and implementing the fiscal policies and overseeing the financial management of the City. Where required, actual results of individual government funds are shown with its original/amended budgetary appropriations. This required disclosure allows the reader to compare the effectiveness of the administration to stay within the spending guidelines (budget) established by the Mayor and City Council during the budget process and to disclose other variations that may occur during the course of the fiscal year.

Legal Requirement

This report has been prepared pursuant to and in compliance with Michigan Department of Treasury regulations, which, in part, requires that an annual independent audit of the City's financial records of accounts and transactions be performed. The opinion by the City's independent auditor, PricewaterhouseCoopers L.L.P. dated October 21, 2005, on the basic financial statements and individual fund statements and schedules is included in the Financial Section of this report. A separately issued Single Audit Report previously completed for the Federal Grant Fund is no longer required under the Federal Single Audit Act. Total federal grant expenditures of (\$81,447) were less than \$500,000, which is the minimum expenditure limit, needed to be subject to the regulations of the Single Audit Act.

Consistent with previous years, it is the intent and responsibility of the Administration to effectively adhere to the fiscal policies and initiatives established by the City Council while remaining cost-efficient and responsive to the needs of the residents. Many of the financial policies and procedures established by the City Council are detailed in the City's annual budget. In accordance with the City Charter, the City Administrator by April 1st will have presented his budgetary estimates of revenues and expenditures of all the City's funds (excluding Trust & Agency Funds) to the Mayor and City Council. These estimates are then forwarded to the City's Finance Committee, which performs a thorough review of the operational, financial and capital components of the budget. Upon completing their review the budget with recommendations is presented back to the Mayor and City Council for their review and comments. The proposed budget document is formally approved by the Mayor and City Council no later than the third Monday in May. Throughout the course of the fiscal year the Finance Committee may review any significant changes to the original budget document as recommended by the City Administrator. Per the City Charter the Mayor and City Council must formally approve any adjustments to the budget. This process allows the City to remain flexible to changes in the revenue and expenditure patterns that occur throughout the year as well as keeping the elected officials updated on the financial condition of the City. Following the passage of the budget, a summary of the completed document is made available to all of the residents through a quarterly newsletter published by the City as well as in the community's local newspaper.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2005

The City's long-term financial stability as shown by the positive fund balance(s) in its major funds is the result of a strong and continuous commitment to fundamental principles of fiscal integrity accomplished by the following: (1) periodic reviews of budgetary and financial controls/policies by all members of the Administration and as well as members of the City's Finance Committee; (2) long-term financial planning with bench marks for optimal fund balance levels; (3) continued excellence in financial reporting; (4) adherence to the annual financing of its capital projects program; (5) ongoing examination of the City's tax base both residential and commercial to ensure a continual focus on projects and developments which strengthen and enhance the tax base and (6) restricting the annual installment of long term debt (general long-term obligation(s)) to less than two mills of taxable value. The City's ability to maintain a manageable debt burden has allowed it to have the necessary financial resources to continue to provide a full compliment of activities and services to its citizens.

The City's financial staff undertakes an annual review of its operating, technical and reporting systems. Whenever possible, steps are continually taken to strengthen the City's set of internal controls to ensure that its assets are properly accounted for. Presently all of the principal functions of the City Finance Director's office are fully automated with all members of the staff crossed trained to operate the various operating systems of the department.

In developing and/or changing the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets and liabilities.

The concept of reasonable assurance recognizes that the cost of implementing a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. As demonstrated by the statements and schedules included in the financial section of this report, as well as the information provided with the management and discussion section the City continues to meet its responsibility for sound financial management.

Concurrent with the budget process, the City also prepares an annual capital improvement document, which details all major expenditures (in excess of \$10,000) for all of the City buildings and equipment, and infrastructure needs. This comprehensive document allows for the evaluation (by the construction committee) of current capital project priorities as well as for the continuous review of future objectives. Since implementing the program the City has expended in excess of twenty-three million dollars on infrastructure improvements without having to increase its millage rate or raise user fees to specifically finance these projects. During 2004-05 fiscal year the City finished the installation of the 5.3 million water line improvement financed by the issuance of the 2003 revenue bonds.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2005

Economic Condition (Property Tax Base)

The financial statements, as presented in this report, demonstrate the ability of the City Administration to effectively stay within the fiscal guidelines and policies as adopted by the City Council. One measure of the City Administration's effectiveness to deliver public services, while remaining cost-effective and responsive to current economic conditions, is to examine the relationship of taxable values to the adopted millage rates. The following table shows that over the past five years the total actual tax burden to the residents has increased on a per annum average of 3.8%. This is a combination of both the assessment and millage increases. The taxable value for 2004-05 showed a 2.3% increase from the previous year. Aside from the annual increase in the cost of living factor other reasons for the rise in taxable value was due to the numerous construction and remodeling projects that occurred during the year on both commercial and residential properties.

At this time, the biggest problem facing all communities in the State of Michigan is the discrepancy that is arising between the actual value of houses, State Equalized Value (S.E.V.) versus the taxable value on which millage is applied. Since the passage of Proposal A, the 2004-05 fiscal year marks the tenth consecutive year the actual market values on property (state equalized value) were reduced for taxation purposes due to the limitations placed on property values by Proposal A. The voters of the State of Michigan in an effort to curb rising property taxes approved Proposal A on March 15, 1994. The proposal capped market value increases to the lesser of (1) change in the Consumer Price Index or (2) 5% if the C.P.I. increases over that percent. Once again during the past year, the fair market values of property within the City excluding increases in new construction or home improvements rose in excess of the C.P.I. making it necessary for the City to tighten its budget position since the C.P.I. increased for the year by a nominal 1.5%.

Aside from reducing the market value on property that a community may levy a millage upon many communities are also facing the problem at being near or at their maximum charter millage amount. Due to another State Act (Headlee 1979), which in general impacts the available amount of millage a City may have available many communities are now in difficult financial positions due to compounding effects of both Proposal A and no longer having the ability to increase millage to original charter limits without first going to a vote of the residents.

Even with the State's economy experiencing an economic decline the City has continued to see an increase in both taxable and State equalized values. The decision to slightly reduce the City's millage rate even with the nominal increase in taxable value demonstrated the City's ability to sustain an operating budget similar to previous years despite an minimal increase in tax revenues. Since the passage of Proposal A, in 1994, Taxable Valuations in the City have increased \$225,728,160 in comparison to the true market value increase of \$450,554,910. This spread between market and taxable values helps demonstrate the negative effects that Proposal A has had on property tax revenues. During the fiscal year 2004-05 the 2.3% increase in taxable value assessments was able to generate sufficient revenues without having to increase the millage rate. However, it also took increases in revenues in other areas and the ability to utilize a portion of the prior year's fund balance for the City to balance its budget which was impacted by double digit increases for employee health care, building improvements and pension obligations.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2005

Fiscal Year	Taxable Value	Millage Rate
2004	\$ 778,924,550	12.99
2003	747,319,492	13.03
2002	723,570,579	13.03
2001	688,453,470	13.03
2000	652,775,870	13.03

Property tax revenues for fiscal year 2004-05 represented 66.6% of the total amount of General Fund operating revenues, which was a 2.9% increase when compared with previous years percent of 63.7%. With the taxable value of the City's tax base being 95% residential, Mayor/Council and Administration in order to reduce the impact taxes have the residents, must continue to (1) find alternative revenue sources, (2) re-examine the services currently being offered to the residents, (3) prioritize services and programs currently being rendered to the residents (4) expand the scope of self insuring the City in several areas (worker's compensation, property & liability coverages and health insurance) and (5) Continue to explore opportunities to combine joint public services/capital purchases with the neighboring communities.

In accordance with the City Charter the City may levy up to 20 mills. As discussed earlier, the Headlee Act, which amended the State Constitution in regards to property tax relief, has forced the City to roll back its 20 mills to 14.2040 mills. As of June 30, 2005 the City has 2.1103 of unused millage to finance future operations and infrastructure improvements. Proposed tax legislation, which has been pending in the Michigan House of Representatives, if enacted, could further reduce the maximum millage allowed. This legislation, in part, could also result in immediate or phased-in tax exemption of all or a portion of the personal property located within the City. This specific change would affect approximately \$188,930 of tax dollars currently received by the City. Also, with no immediate improvement with the State's financial position the City is once again facing a possible reduction in its State Shared Revenues. With the State's economy still facing severe financial problems, the City will have to further tighten its General Fund budget to stay within its revenue base.

City Officials remain deeply concerned with the impact that any future legislation will have on real/personal property assessments within the community and the compounding effect it will have on tax revenues to finance City operations. With the voter's approval of Proposal A, market/inflationary assessment increases have been capped and property taxes held in check on residential properties. The formula used to compute State Sales Tax monies distributed back to the municipalities was amended by the legislature in 1998. The law now categorizes sales tax distributions as either statutory or constitutional distributions. The constitutional portion of the distribution can only be amended by a general vote of the people. However, the statutory portion can be amended by the State's legislature. With the state's economy still being severely impacted by the downturn in the automobile manufacturing sector local governments will have to continue to lobby their State Representatives that any reduction in the statutory distribution of revenue sharing dollars will have a drastic impact on their operating budgets.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2005

Administrative Summary/Major Initiatives

During the preparation of the 2004-05 annual budget, the Mayor and City Council emphasized several areas for the Administrative Officials to concentrate their efforts on. As shown below they were.

1. Completion of the water line replacement/renovation on Mack Avenue.
2. Review of the Capital Improvement Program.
3. Expansion of Recreational Activities/Programs.
4. Increase usage of Information Technology.
5. Development of R.F.P. for financial software.

After reviewing several construction options the City began the second year of replacing its Mack Avenue water line. The construction of this major transmission line was completed over a eighteen month period. With Mack Avenue being the principal commercial street in the City, the Administration, Elected Officials and business owners were able to jointly work together in minimizing the impact the project would have on the financial health of the business district.

Several years ago the Administration developed a comprehensive listing of the entire infrastructure within the City. In doing so, the City was able to determine the financial resources it would take to maintain the infrastructure on an annual basis. To date the Elected Officials have continued to dedicate several million dollars annually to maintain the City's infrastructure and without the necessity of having to issue additional debt or increase millage. This undertaking is most impressive when considering the continual decrease in State Shared Revenues and the fiscal impact that Proposition A and the Headlee Act have had on property taxes.

Over the past several years the City has made a concentrated effort to increase the year round activities offered by its Parks/Recreation Division especially with the availability of an Activities Building at its 52-acre Lakefront Park. In recognizing the increased demand for recreational activities the City has worked to develop a variety of programs/activities which will attract residents of all age groups.

In working to keep current with continuing technology changes now occurring the City has made a strong commitment to invest in upgrading its information/computer systems. Not only are all departmental employees of the City now utilizing technology to perform their everyday activities but are also required to participate in additional training to become more creative and productive in their use of technology. Over the past couple of years, the City has concentrated on implementing a detailed Geographic Information System that allows employees and citizens alike the ability to obtain a wide variety of data on a parcel(s) of property, located anywhere in the City.

The City's current financial software has been used in excess of twenty (20) years. In order for the City to take advantage of new technology, the City is in the process of performing a detailed analysis of its needs, and the development of a comprehensive software proposal, that will allow it to procure a system that will support all of the City's users.

The City's full-time labor force as of June 30, 2005 included 102 full-time employees, 35 permanent part-time and approximately 150 seasonal employees. The City has multi-year contract agreements with all of its 4 labor associations through the end of fiscal year 2006-07. Full-time employees who are not covered by a bargaining agreement have individual at will employment contracts with the City.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2005

As always, the City's highest priority is to continue to provide to its residents the highest level of public services while operating within its budget. As expected the operational costs of many of these services and programs have increased; however, the City has, whenever possible, managed to keep such increases to a minimum. Whereas the City once again realized a cost reduction in its workmen's compensation insurance coverages, it sustained a significant increase in both its pension contribution and health requirements. With the signing of the new solid waste agreement the City saved substantial dollars in rubbish disposal costs resulting in a reduced solid waste millage rate. In cooperation with its elector officials, the City has been able to maintain a comprehensive capital improvement plan for all of its infrastructure and other capital assets. The City in consortium with other communities has been working to minimize the effect of rising water and sewer rates. For the first time in almost a decade, the City had to increase its rates, which on average amounted to a ten (10%) increase.

Future Outlook

The City continues to retain its status as both a well respected and one of the most desired areas to live in Southeast Michigan. Elected Officials, Administration and the members of the various committees and commission are always looking at innovative and productive ways where it can maintain the viability of its commercial district, repair and update its infrastructure, retain residential home values and still attract younger families to reside in its community. The challenge to the City is to continue to provide the multitude of public services, while complying with increased Federal and State regulations and financing a operating budget with both property tax dollar restrictions (Proposal A) and a State economy that has yet to recover from prior years recession.

Over the past two (2) years the City has placed an emphasis on the planning and re-zoning of both its residential/commercial property given the necessity to maintain an increase in the City's tax base. To assist the administration in this endeavor, the City has utilized a professional planner. Interaction and greater long-term planning with the various proprietors in the commercial district will have to increase if the existing establishments are to retain a viable resource. For many years the City has united itself with the other surrounding communities to provide emergency ambulatory services, rubbish removal, health insurance and recreational activities. But as the availability of the property tax dollar erodes the City will need to continue its attempt to increase its interaction with its neighboring communities to seek alternative solutions to such issues as infrastructure replacement, equipment purchases, labor agreements and the staffing of day to day operations.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grosse Pointe Woods,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



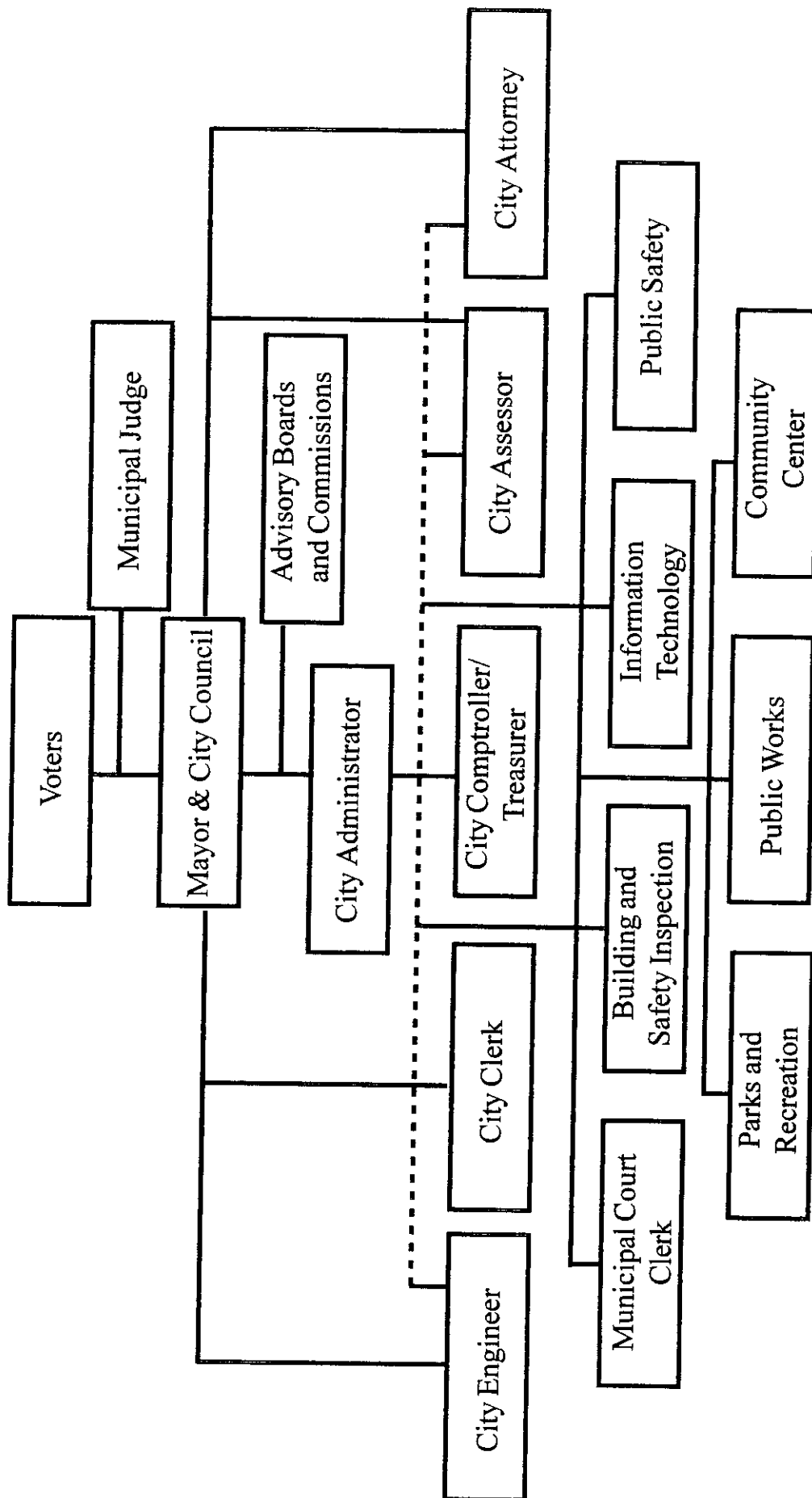
Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

City of Grosse Pointe Woods Organizational Chart



**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005
SECTION II – FINANCIAL SECTION**

Report of Independent Auditors

To the Honorable Mayor and City Council
City of Grosse Pointe Woods, Michigan

In our opinion, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan (the "City"), which collectively comprise the City's basic financial statements as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. We also have audited the aggregate nonmajor governmental funds, the aggregate nonmajor enterprise funds, and the fiduciary fund type as of and for the year ended June 30, 2005, as displayed in the City's basic financial statements. These financial statements are the responsibility of the City's management; our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The management's discussion and analysis and the required supplementary information on pages 13 through 26 and 58 through 64, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund financial statements and supplemental data section are presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplemental data section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PricewaterhouseCoopers LLP

October 21, 2005

**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005
SECTION II – MANAGEMENT DISCUSSION AND ANALYSIS**

City of Grosse Pointe Woods, Michigan
Management Discussion and Analysis
June 30, 2005

As management of the City of Grosse Pointe Woods, we offer this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2005. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- 1) The total assets of the City exceeded its liabilities as of June 30, 2005 by \$41,908,484 (shown as total net assets). The increase of \$2,293,860 from the previous year was due to an increase in net assets from governmental activities of \$1,748,512 along with an increase in net assets from business type activities of \$545,348.
- 2) The 20-year \$5,300,000 revenue bond (Mack Avenue Water Line Replacement Project) was completed on schedule and came in \$800,000 less than originally estimated. This allowed the City to commence an additional capital project without having to utilize operating funds. The City's excellent credit rating saved the users of the water system an estimated \$500,000 in interest expense.
- 3) At the close of the fiscal year, the City's governmental activities reported combined ending net assets of \$23,061,336. Of this amount \$4,080,522 is reported as unrestricted. The remaining balance of \$18,980,814 is a combination of dollars invested in capital assets of \$12,611,930 and restricted for debt service and community programs of \$6,368,884.
- 4) Principally due to double digit increase in pension and health care expenditures, the City's increase in net income (\$1,748,252) was \$917,382, less than the net income as of June 30, 2004, \$2,665,634.

General Fund

- 1) The City's General Fund despite another reduction in State Shared Revenues and a major increase in pension benefit required contributions for the first time in several years was still able to record a increase in fund balance of \$1,831.
- 2) At the end of the fiscal year the General Fund had an unrestricted fund balance of \$4,889,093 of which \$4,089,093 was undesignated. This was a nominal increase of \$1,831 but given the poor economic condition of the State the City considered it an important accomplishment to finish with positive results.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of a series of statements: 1) government-wide financial statements, which focus on the City as a whole, 2) fund financial statements, which provide a more detailed view of the City's major funds, 3) notes to the financial statements, which provide additional information that is essential to gain a full understanding of the data presented in the financial statements themselves and 4) statistical section, an unaudited section of financial and demographic information presented on a multi-year basis.

Government-Wide Financial Statements consist of the *Statement of Net Assets* and the *Statement of Activities* and provide readers with a broad overview of the activities of the City as a whole. One of the more important questions citizens and other readers of the financial statements often ask is "Is the City as a whole better or worse off this year than it was a year ago?" In other words, did the overall financial condition of the City improve or decline over the course of the past year. The government-wide statements report information in a manner that is intended to help answer this question.

The government-wide statements are prepared using the full accrual basis of accounting, which is similar to that employed by businesses in the private sector.

The *Statement of Net Assets* presents information on all of the assets and liabilities of the City, with the difference between the two reported as *net assets*. Net assets can be thought of as one way of measuring the financial strength of the City. Increase or decreases in net assets over time may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

Non-financial factors such as changes in the property tax base, population and condition of roads and bridges must also be considered when assessing the financial condition of the City.

The *Statement of Activities* presents information showing how the net assets of the City have changed over the course of the most recent fiscal year. All changes in net assets are recognized as soon as the underlying transactions take place, regardless of the timing of the related cash flows. As a result, certain revenues and expenses reported in these statements are related to items that will only result in cash flows in future years. Examples of such items are uncollected property taxes, accrued interest payable on long-term debt and earned but unused sick and vacation leave.

The government-wide financial statements segregate the activities of the City into two categories: 1) governmental activities and business-type activities. The basic services of the City are classified as government activities and are financed primarily through property taxes, user fees and intergovernmental revenues. Functions reported in this category include general government, legislative, law enforcement and judicial, public safety, public works and parks/recreation. Business-type activities operate like private businesses and are intended to recover the majority of their costs through user fees.

Fund financial statements are separate groupings of related accounts that are used to maintain control over resources that have been segregated for specific purposes. Each fund of the City is considered a separate accounting entity for which a self-balancing set of accounts is maintained. Certain funds are established in accordance with State law while others are required by bond or grant agreements or are established at the discretion of management to enable it to more easily manage and report on the activities of the many programs of the City. All the funds of the City can be divided into one of three categories: government, proprietary or fiduciary.

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Governmental Funds are used to account for most of the basic services provided by the City and report essentially the same functions as those reported as governmental activities in the government-wide financial statements. Governmental funds are accounted for using the *modified accrual* basis of accounting, which focuses on the short-term inflows and outflows of cash and other financial assets that can be readily converted into cash with the balances of them available for spending at year-end. Because the focus of the governmental fund financial statements is narrower in scope than that of the government-wide financial statements, reconciliations are provided in both the governmental fund balance sheet and operating statement to help the reader better understand the relationship between the two.

All of the governmental funds of the City are categorized as either major or nonmajor for presentation in the financial statements. The purpose of such segregation is to focus the attention of the reader on the more significant funds of the City. A fund is considered major if its assets, liabilities, revenues or expenditures meet or exceed certain percentage thresholds in relation to all governmental funds taken as whole. The thresholds used to determine a fund's status as major or nonmajor are set forth in GASB Statement No. 34. Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation. The General Fund and the Wayne County Combined Drain Fund are the only major governmental funds of the City. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds are classified as either Enterprise Funds or Internal Service Funds and are accounted for using the full accrual basis of accounting. *Enterprise funds* are used to report the same functions as those presented as business-type activities in the government-wide financial statements and include Parking, Water/Sewer, Boat Docks and Commodity Sales. *Internal service funds*, on the other hand, are used to centrally account for services provided to other City departments and include Workmen's Compensation, Motor Vehicle, Management Information System and Building Authority. Because the Internal Service Funds predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Data regarding the Internal Service Funds has been combined into a single, aggregated presentation in the basic financial statements. Information regarding the individual internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds are used to account for resources held by the City on behalf of others, including those of the Employee Retirement System and Supplemental Annuity Fund. The activities of the Fiduciary Funds are presented separately in this report but are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operations of the City. Fiduciary funds are accounted for using the full accrual basis of accounting.

Notes to the Financial Statements provide additional information that is essential to gain a full understanding of the data presented in both the government-wide and fund financial statements.

Required Supplementary Information is presented following the notes to the financial statements and includes schedules regarding the progress of the City in funding its pension obligations and budget to actual comparison for the major governmental funds of the City.

Combining and Individual Funds Statements of the nonmajor funds of the City are presented immediately following the required supplementary information.

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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The financial analysis of the City as whole focuses on the net assets and changes in net assets of the governmental and business-type activities of the City. As noted earlier, net assets and changes in net assets may serve as one indicator of the financial health of the City. The assets of the City exceeded its liabilities by \$41,908,484 at June 30, 2005, and net income increased by \$2,293,860 for the year then ended.

Government Wide Net Assets as of June 30, 2005

	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	\$ 12,981,218	\$ 2,510,838	\$ 15,492,056
Capital assets	23,627,129	22,253,499	45,880,628
Total assets	<u>36,608,347</u>	<u>24,764,337</u>	<u>61,372,684</u>
Current liabilities	1,492,788	212,189	1,704,977
Long-term liabilities	12,054,223	5,705,000	17,759,223
Total liabilities	<u>13,547,011</u>	<u>5,917,189</u>	<u>19,464,200</u>
Net assets			
Invested in capital assets	12,611,930	16,548,499	29,160,429
Restricted	6,368,884	-	6,368,884
Unrestricted	4,080,522	2,298,649	6,379,171
Total net assets	<u>\$ 23,061,336</u>	<u>\$ 18,847,148</u>	<u>\$ 41,908,484</u>

Government Wide Net Assets as of June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	\$ 15,676,219	\$ 3,691,372	\$ 19,367,591
Capital assets	21,466,512	21,080,879	42,547,391
Total assets	<u>37,142,731</u>	<u>24,772,251</u>	<u>61,914,982</u>
Current liabilities	611,271	170,877	782,148
Long-term liabilities	15,218,636	6,299,574	21,518,210
Total liabilities	<u>15,829,907</u>	<u>6,470,451</u>	<u>22,300,358</u>
Net assets			
Invested in capital assets	6,921,840	14,781,305	21,703,145
Restricted	6,541,005	-	6,541,005
Unrestricted	7,849,979	3,520,495	11,370,474
Total net assets	<u>\$ 21,312,824</u>	<u>\$ 18,301,800</u>	<u>\$ 39,614,624</u>

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Approximately \$29.2 million of the City's net assets represents its investment in capital assets, net of any outstanding debt. These assets are used by the City to provide services to the public; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$6.5 million of the City's net assets represents resources that are subject to external restrictions regarding their use. Assets included in this category include bond proceeds that can only be utilized on the projects for which they are issued, cash and investments restricted for the repayment of outstanding debt and those liquid assets earmarked for specific projects and expenditures (Special Revenue Funds). The remaining balances of the City's net assets are unrestricted and may be used to meet the City's ongoing obligations. Positive balances in all three categories are reported at June 30, 2005.

Change in Net Assets
Fiscal Year Ended June 30, 2005

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 2,751,519	\$ 5,123,316	\$ 7,874,835
Grants	81,447	-	81,447
General revenues			
Property taxes	12,742,873	-	12,742,873
Investment income	219,518	24,481	243,999
State shared revenues	2,594,918	-	2,594,918
Donations	139,312	-	139,312
Total revenues	<u>18,529,587</u>	<u>5,147,797</u>	<u>23,677,384</u>
Expenses			
General government, administrative	3,739,622	-	3,739,622
Public safety	5,446,354	375,660	5,822,014
Public works	3,179,362	-	3,179,362
Parks and recreation	1,872,760	235,846	2,108,606
Solid waste	1,460,884	-	1,460,884
Other activities	44,676	84,762	129,438
Interest paid	283,417	-	283,417
Water/Sewer	-	4,660,181	4,660,181
Total expenses	<u>16,027,075</u>	<u>5,356,449</u>	<u>21,383,524</u>
Excess (deficiency) before transfers	2,502,512	(208,652)	2,293,860
Transfers in (out)	<u>(754,000)</u>	<u>754,000</u>	<u>-</u>
Increase in net assets	1,748,512	545,348	2,293,860
Net assets			
Beginning of year	21,312,824	18,301,800	39,614,624
End of year	<u>\$ 23,061,336</u>	<u>\$ 18,847,148</u>	<u>\$ 41,908,484</u>

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Change in Net Assets
Fiscal Year Ended June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 2,547,372	\$ 4,603,177	\$ 7,150,549
Grants & contributions	77,979	-	77,979
General revenues			
Property taxes	12,285,813	-	12,285,813
Investment income	438,694	69,055	507,749
State shared revenue	2,607,456	-	2,607,456
Donations	91,413	-	91,413
Total revenues	<u>18,048,727</u>	<u>4,672,232</u>	<u>22,720,959</u>
Expenses			
General government, administrative	2,689,784	-	2,689,784
Public safety	4,933,399	377,288	5,310,687
Public works	3,699,099	-	3,699,099
Parks and recreation	1,610,864	199,823	1,810,687
Solid waste	1,226,878	-	1,226,878
Other activities	72,408	88,412	160,820
Interest paid	396,661	-	396,661
Water/Sewer	-	5,137,969	5,137,969
Total expenses	<u>14,629,093</u>	<u>5,803,492</u>	<u>20,432,585</u>
Excess (deficiency) before transfers	3,419,634	(1,131,260)	2,288,374
Transfers in (out)	(754,000)	754,000	-
Increase (decrease) in net assets	<u>2,665,634</u>	<u>(377,260)</u>	<u>2,288,374</u>
Net assets			
Beginning of year	<u>18,647,190</u>	<u>18,679,060</u>	<u>37,326,250</u>
End of year	<u>\$ 21,312,824</u>	<u>\$ 18,301,800</u>	<u>\$ 39,614,624</u>

Governmental activities. The net assets of the City's governmental activities increased \$1,748,512 in 2005. Key components of this increase as well as other important financial developments were:

- Property tax revenues increased \$457,060 with the millage rate(s) remaining the same as in the previous year. Increases in taxable value and new construction were the result of both an inflationary adjustment and the increase in the Consumer Price Index.
- Charges for services increased \$204,147. The number of permits related to building and home improvements increased greater than anticipated.
- Investment income decreased by \$219,176 as a result of lower investment rates and the reductions of liquid assets available for investment opportunities.

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- Impact of increased pension and health care costs.

Business-Type Activities

The net assets of the City's business-type activities increased \$545,348 during the fiscal year. This was an increase of \$922,608 from fiscal year 2003-04. The major reason for the increase was that the City sold significantly more water to its residents than what was originally estimated. As in previous years, the City was able to keep its water loss ratio under 10% as the City continues to invest significant amounts into both its water and sewer transmission lines. The largest transaction affecting business-type activities was the City's ability to control its variable operating costs in its Water/Sewer Fund. Aside from providing the necessary dollars to repair malfunctioning areas of the infrastructure the City has been able to negotiate with the City of Detroit favorable rate charges on a portion of its sewage treatment expenses.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental funds. As previously mentioned, the focus of governmental funds is to provide information on near-term inflows, outflows and remaining balances of spendable resources. Such information is useful in assessing the City's ability to meet its current financing requirements. The fund balance of governmental funds is segregated into one of three categories: reserved, designated and unreserved. Reserved fund balance represents that portion of the net assets that may only be spent for specific purposes and are not available for new spending. Examples of fund balance reserves include amounts required to pay debt service, bonds proceeds that may only be spent on approved projects for which the bonds were issued and amounts required meeting long-term contractual commitments. Fund balance designations are established to represent that portion of net assets that are intended to be spent for certain purposes and differ from fund balance reserves in that they can be reappropriated and used for new spending if necessary. Unreserved fund balance represents the portion of net assets that is available at year-end for new spending. The combined ending fund balance of all governmental funds was \$10,457,977 at June 30, 2005, a decrease of \$3,385,671 over the prior fiscal year. The main reasons for the decrease was the payment of the defeased bonds in the amount of \$2,175,000 and increased expenditures in the Local Street Fund.

The General Fund is the primary operating fund of the City. All revenues and expenditures are recorded in the General Fund unless otherwise required by statute, contractual agreement or policy.

General Fund Revenues

Total General Fund operating revenues excluding transfers for 2004-05 amounted to \$12,462,617. This was a increase of \$553,641 or 4.6% compared to the 2003-04 operating revenues of \$11,908,976. Increases in property taxes, court related revenues and building permits were offset by a reduction in investment income. With home values of the residential section remaining higher than the state average the City has continued to see an increase in the total number of building related permits issued.

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The City, for financial reporting purposes, classifies its operating revenues into seven primary sources as shown below:

Revenue Source	Amount	Percent of Total	Increase (Decrease) Over Prior Year
Property taxes	\$ 8,295,630	67%	\$ 567,296
State shared revenues	1,655,968	13%	(741)
Delinquent fees	306,283	2%	29,735
Court fines/costs	717,903	6%	122,695
Licenses/permits	917,377	8%	43,957
Administration charges	300,000	2%	(26,000)
Miscellaneous	269,456	2%	(183,301)
	<u>\$12,462,617</u>	<u>100%</u>	<u>\$ 553,641</u>

- a) Property Taxes - \$567,296 increase – Due to an increase in the city's taxable valuation of property principally from an increase in home improvements.
- b) Intergovernmental Taxes - \$(741) decrease – Distributions from the State of Michigan were stagnant as Michigan's recession economy has yet to recover from the prior years.
- c) Delinquent Interest/Collection Fees - \$29,735 increase – Administrative/collection fees associated with the summer/winter tax billings increased in relation to an increase in the overall property tax levy.
- d) Court fines/costs - \$122,695 increase – The amount of monies collected from traffic violations has steadily increased for the past two years due to the increase in the issuance of traffic related violations and revised fee schedule.
- e) Licenses/permits - \$43,957 increase – The City again realized an increase in the number and dollar value of permits (building, electrical, etc.) issued as well as an increase in franchise fees paid by the City's Cable Television firm.
- f) Administrative Charges – \$26,000 decrease – Charges for administrative and overhead costs relative to the City's Enterprise Funds (in lieu of taxes) were reduced for the first time in several years.

Tax collections for the 39th consecutive year were approximately 100% of the tax levy. Despite the last four years of economic difficulties the City's unemployment rate has been considerably lower than the national and regional average. The fiscal stability of the community's business community enables collection of the City's real and personal property taxes to remain substantially higher than the State average.

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The City's General Fund tax levy is split into four components depicted as follows:

Purpose	2004-05 General Fund Fund Levy (Per \$1,000 Taxable Value)
Operating	\$ 8.3983
General obligation debt	.6700
E.M.S. advance life support	.4526
Street replacement	1.0000
Total millage	\$ 10.5209

The legal basis for adopting the millage rate is set forth in Section 8.4 of the City Charter which in part states that the Council shall by resolution adopt a balanced budget and a set millage rate by the third Monday in May.

As of June 30, 2005, the City had 2.1103 of unused operating millage, with each mill worth an approximate \$813,000 in additional tax revenue. Due to the Headlee Act of 1979, many communities are either at or near their maximum allowable millage rate. The ability of the City Council and Administration to effectively budget and manage available resources and minimize millage rate increases insures that the City will continue to have available tax dollars to finance future budgets as well as to have funds available for unexpected/unforeseen events.

General Fund Expenditures

The General Fund for classification purposes is divided into four (4) primary governmental functions. They are (a) General Administration, (b) Public Safety, (c) Public Works, (d) Parks/Recreation. In addition the City provides for a contingency account to have monies available for any unforeseen unexpected events.

Total operating expenditures for General Fund operations was \$9,905,807. This represents an increase of \$326,161 or 3.7% from 2003-04 expenditures. The totals as shown below do not include budgeted transfers made to other funds. The level of expenditures for the four governmental functions of the City compared with the preceding year are shown in the following tabulation:

Function	Amount	Percent of Total	Increase
General government	\$ 2,338,072	24%	\$ 151,044
Public safety	5,010,853	51%	569,593
Public works	861,472	9%	38,872
Parks/recreation	1,695,410	16%	84,546
	<u>\$ 9,905,807</u>	<u>100%</u>	<u>\$ 844,055</u>

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- a) The General Government - \$151,044 increase – A function that includes both the Legislative and Administrative departments of the City; Aside from the normal inflationary increases in salaries and operational costs the City experienced increases in pension and employee health care costs.
- b) Public Safety - \$569,593 increase – Operational increases, annual salary/benefit increase and the start of implementing an advanced centralized communications center (CLEMIS).
- c) Public Works - \$38,872 increase – City expended more funds in maintaining grounds and facilities.
- d) Parks and Recreation - \$84,546 increase – The increase is due to the expansion of the budget for seasonal salaries at Lakefront Park. Along with the increase in recreational and other sporting activities longer hours were worked during both the summer and winter months and utility costs associated with the swimming pool were higher.

BUDGETARY HIGHLIGHTS

The budget for each fiscal year is adopted by the City Council in May of the prior fiscal year and may be amended from time to time throughout the year to reflect changing operational demands. The majority of the Mayor and City Council must approve any changes that may affect the budget than what was originally adopted. The following amount depicts the increase in the originally adopted budget for fiscal 2005 for the General Fund.

- General Fund – (\$384,213) favorable expenditure variance – The City's ability to control and in certain activities to reduce operating cost below budgeted levels was greater than anticipated.
- Revenues – (\$162,617) favorable variance – The City experiences a material increase in its licensing and permit areas for the first time in several years.
- Special Revenue Funds – \$1,107,807 decrease with fund balance – The City utilized a portion of its prior years fund balance to finance specific projects (major/local streets) within this fund type.
- As of June 30, 2005, all of the City's Governmental and Business type funds had positive fund balances/net assets totaling \$10,457,977 with governmental and \$21,363,464 business.

Net Assets/Fund Balances

The total net assets/fund balances additionally in the two major funds types (Governmental and Business-Type activities) amounted to \$31,821,441, which is a 9.6% decrease over the previous year's total of \$34,877,699.

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The net assets/fund balances at June 30, 2005 are as follows:

Function-Governmental	Amount	Percent of Total	Increase (Decrease)
General Fund	\$ 4,889,093	47%	\$ 1,831
Special Revenue	3,920,941	37%	(1,107,805)
Debt service	1,509,868	14%	(2,188,437)
Capital project	138,075	2%	(91,258)
	<u>\$10,457,977</u>	<u>100%</u>	<u>\$(3,385,669)</u>
Function-Business-Type	Amount	Percent of Total	Increase (Decrease)
Enterprise	\$18,847,148	88%	\$ 545,348
Internal service	2,516,316	12%	(216,202)
	<u>\$21,363,464</u>	<u>100%</u>	<u>\$ 329,146</u>

Over a ten-year period the General Fund in particular has shown a consistent pattern of growth increasing its fund balance to nearly five million dollars during this time period. The total undesignated fund balance as of June 30, 2005 was approximately 31% of the 2004-05 budget. Along with an adherence to a long-term capital budget, which involves all phases of the City's infrastructure, the City has been able to anticipate and budget for the decline in the state economy as well as for unexpected events that could negatively impact fund balance dollars.

The long-term financial stability of the General Fund once again enabled the Mayor and City Council to designate \$550,000 of fund balance to assist in balancing the 2005-06 budget. The \$550,000 was equivalent to approximately .70 mills or \$140 in savings for a homeowner with a Taxable Value of \$200,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City categorizes its capital assets in the Government-Wide Statement of Net Assets as follows:

Capital Assets as of June 30, 2005

	Governmental Activities	Business-Type Activities	Total Primary Government
Land and improvements	\$ 1,554,963	\$ 1,534,590	\$ 3,089,553
Buildings and improvements	7,269,651	-	7,269,651
Furniture and equipment	2,307,566	-	2,307,566
Vehicles	3,914,996	-	3,914,996
Infrastructure	18,418,009	27,655,721	46,073,730
Less: Accumulated depreciation	<u>(9,838,056)</u>	<u>(6,936,812)</u>	<u>(16,774,868)</u>
Total	<u>\$ 23,627,129</u>	<u>\$ 22,253,499</u>	<u>\$ 45,880,628</u>

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Additional detailed information regarding capital asset activity can be found in Footnote No. 5 to the financial Statements.

Debt Administration

The City's Debt structure can be categorized into two distinct areas:

1. Debt of which the City has issued and is solely obligated to make the principal and interest payments.
2. Payments made to Wayne County to finance outstanding debt which is shown as a separate fund titled Wayne County Combined Drain Fund. The County between the years 1992-94 issued four separate bonds totaling \$19,208,696 (city share) to finance a sanitary retention basin (Milk River Drain Facility).

Aside from the Wayne County issues there is three outstanding General Obligation bond issues:

- 1) 2003 Recreation Refund Bond
- 2) 1993 Revenue Bonds
- 3) 2003 Revenue Bonds

Long-term debt. The City's long-term debt totaled \$17,759,223 at June 30, 2005. Included in the above total is \$1,039,024, which represents dollars owed to employees for accrued sick/vacation time. All outstanding obligations are backed by the full faith and credit of the City. The detailed components of the total long-term liability of the City are presented in Footnote 6 to the financial statements.

Outstanding Bonded Debt as of June 30, 2005:

	Governmental Activities	Business-Type Activities	Total Primary Government
General obligation bonds	\$ 11,015,199	\$ -	\$ 11,015,199
Revenue bonds/notes	-	5,705,000	5,705,000
Total	<u>\$ 11,015,199</u>	<u>\$ 5,705,000</u>	<u>\$ 16,720,199</u>

Payments made to Wayne County for the financing of the Milk River Drain Project (1992 - 1994) debt are totally financed by a millage levied on the winter tax bill.

During the fiscal year, the City paid the final installment of its 2000 Park installment note, 2000 Water installment note and refunded its 1997 Park Improvement Bonds replacing the issue with a 2003 Bond in the amount of \$2,175,000 which will mature in October 2009. The refunding saved the City \$50,000 in interest expense over the next four (4) fiscal years.

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The ratio of net direct bonded debt to taxable valuation and the amount of direct bonded debt per capita are useful indicators of the City's debt position in relation to its management, citizens and investors. This data for the City of Grosse Pointe Woods at the end of the 2004-05 fiscal year was as follows:

	Amount	Taxable Value	Ratio of Net Debt to Taxable Value	Net Debt Per Capita
Obligation debt	\$ 11,015,199	\$ 778,924,550	1.4%	\$ 645

The net debt per capita reflects a 19.8% decrease over 2003-04 amount of \$804. Presently, the City is not contemplating issuing any General Obligation debt until fiscal year 2007.

The Outstanding General Obligation Bonds at June 30, 2005 of \$11,015,199 are considered direct tax-supported debt. The revenues bonds for water and sewer improvements are considered self-supporting (user charges) while the special assessment bonds are backed by the full faith and credit of the City.

The City of Grosse Pointe Woods has no record of bond default.

ECONOMIC FACTORS AND 2005-2006 BUDGET CONSIDERATIONS

The following issues/concerns were considered when formulating the 2005-06 annual budget(s).

- 1) Continuing fiscal problems experienced by the State of Michigan.
- 2) Property tax revenues are expected to increase over 4.0% due to the increase in home improvements and property transfers.
- 3) Health care costs were once again expected to show an approximate 15% increase but the City of Grosse Pointe Woods has coordinated a self-insured consortium with the other Grosse Pointe communities.
- 4) Continued infrastructure improvements including:
 - Total repair and reconstruction of Vernier, West of Mack, using federal TIP funds.
 - Design for base repair and asphalt overlay on the City's other major street, Mack Avenue, also expected to be done with federal funds, possibly with "advance construct."
 - The rest of North Renaud.
- 5) Opening of the second Sunrise facility and St. John Hospital and Medical Center addition ground breaking, and possible residential development of the ULS Middle School campus.
- 6) Planning for Lake Front Park improvements.

City of Grosse Pointe Woods, Michigan
Management Discussion and Analysis
June 30, 2005

CONTACTING THE CITY FINANCE DEPARTMENT

This financial report is designed to provide the citizens, taxpayers, investors, creditors and others with a general overview of the finances of the City. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the Finance Director at the following address: City of Grosse Pointe Woods, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236.

Statement of Net Assets

City of Grosse Pointe Woods, Michigan
Government Wide – Statement of Net Assets
June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 11,826,737	\$ 1,400,576	\$ 13,227,313
Accounts receivable	696,309	1,072,635	1,768,944
Taxes receivable	302,217	-	302,217
Prepaid items	-	37,627	37,627
Due from agency funds, net	84,306	-	84,306
Accrued interest receivable	71,649	-	71,649
Total current assets	12,981,218	2,510,838	15,492,056
Capital assets			
Land	1,439,899	-	1,439,899
Land improvements	115,064	1,534,590	1,649,654
Buildings and improvements	7,269,651	-	7,269,651
Furniture and equipment	2,307,566	-	2,307,566
Vehicles	3,914,996	-	3,914,996
Infrastructure	18,418,009	27,655,721	46,073,730
Total capital assets	33,465,185	29,190,311	62,655,496
Accumulated depreciation	(9,838,056)	(6,936,812)	(16,774,868)
Net fixed assets	23,627,129	22,253,499	45,880,628
Total assets	\$ 36,608,347	\$ 24,764,337	\$ 61,372,684
Liabilities			
Current liabilities			
Advances	\$ 230,000	\$ -	\$ 230,000
Accounts payable	722,787	170,036	892,823
Accrued expenses	361,891	811	362,702
Claims reserve	100,000	-	100,000
Due to agency funds	-	9,486	9,486
Accrued interest on long-term debt	78,110	31,856	109,966
Total current liabilities	1,492,788	212,189	1,704,977
Long-term debt			
Current portion due within 1 year	1,406,273	195,000	1,601,273
Long-term portion	9,608,926	5,510,000	15,118,926
Compensated absences	1,039,024	-	1,039,024
Total long-term debt	12,054,223	5,705,000	17,759,223
Total liabilities	13,547,011	5,917,189	19,464,200
Net assets			
Invested in capital assets, net of related debt	12,611,930	16,548,499	29,160,429
Restricted - capital	2,255,086	-	2,255,086
Restricted debt service	1,509,868	-	1,509,868
Restricted for community projects	2,603,930	-	2,603,930
Unrestricted	4,080,522	2,298,649	6,379,171
Total net assets	\$ 23,061,336	\$ 18,847,148	\$ 41,908,484

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Government Wide – Statement of Activities
Year Ended June 30, 2005

	Net (Expenses) Revenues and Changes in Net Assets				
	Program Revenues		Primary Government		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Functions/Programs					
Primary government					
Governmental activities					
Legislative	\$ 157,683	\$ -	\$ -	\$ (157,683)	\$ (157,683)
Judicial	399,726	-	-	(399,726)	(399,726)
General government	3,182,213	1,615,566	81,447	(1,485,200)	(1,485,200)
Public safety	5,446,354	849,164	-	(4,597,190)	(4,597,190)
Public works	3,179,362	151,454	-	(3,027,908)	(3,027,908)
Solid waste	1,460,884	-	-	(1,460,884)	(1,460,884)
Recreation and culture	1,872,760	135,335	-	(1,737,425)	(1,737,425)
Municipal improvements	44,676	-	-	(44,676)	(44,676)
Interest and fees on long-term debt	283,417	-	-	(283,417)	(283,417)
Total governmental activities	16,027,075	2,751,519	81,447	(13,194,109)	(13,194,109)
Business-type activities					
Water/Sewer	4,660,181	4,523,148	-	-	(137,033)
Parking Utility Fund	375,660	348,865	-	-	(26,795)
Boat Dock Facility	235,846	169,621	-	-	(66,225)
Commodity Sales Fund	84,762	81,683	-	-	(3,079)
Total Business-type activities	5,356,449	5,123,317	-	(233,132)	(233,132)
Total primary government	\$ 21,383,524	\$ 7,874,836	\$ 81,447	\$ (13,194,109)	\$ (13,427,241)
General Revenues (Expenses)					
Property tax					
State shared revenues				\$ -	\$ 12,742,873
Investment earnings				-	2,594,918
Donations				24,480	243,998
Transfers in (out)				-	139,312
				754,000	-
Total general revenues (expenses) and transfers				14,942,621	15,721,101
Change in net assets				1,748,512	2,293,860
Net assets					
Beginning of year				21,312,824	39,614,624
End of year				\$ 23,061,336	\$ 41,908,484

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Balance Sheet
Governmental Funds
June 30, 2005

	Major Fund			Totals
	General Fund	Grosse Gratiot Drain Fund	Non-Major Funds	June 30, 2005
Assets				
Cash and cash equivalents	\$ 4,784,865	\$ 1,391,144	\$ 4,419,833	\$ 10,595,842
Due from other funds	288,227	-	440,040	728,267
Accrued interest receivable	26,405	2,057	34,818	63,280
Accounts receivable	571,588	-	124,721	696,309
Delinquent taxes receivable	185,565	116,652	-	302,217
Total assets	\$ 5,856,650	\$ 1,509,853	\$ 5,019,412	\$ 12,385,915
Liabilities and Fund Equity				
Accounts payable	\$ 193,986	\$ -	\$ 492,577	\$ 686,563
Due to other funds	184,971	-	467,804	652,775
Advances	230,000	-	-	230,000
Accrued wages and compensated absences	358,600	-	-	358,600
Total liabilities	967,557	-	960,381	1,927,938
Fund balances				
Reserved	-	1,509,853	15	1,509,868
Reserved for debt service	-	-	2,603,930	2,603,930
Reserved for community programs	-	-	-	-
Unreserved	300,000	-	-	300,000
Designated for insurance	500,000	-	-	500,000
Designated for subsequent years' expenditures	-	-	1,317,011	1,317,011
Special revenue fund	-	-	138,075	138,075
Municipal improvement	4,089,093	-	-	4,089,093
Undesignated	4,889,093	1,509,853	4,059,031	10,457,977
Total equity and other credits	\$ 5,856,650	\$ 1,509,853	\$ 5,019,412	\$ 12,385,915
Total liabilities, equity and other credits				

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Assets
June 30, 2005

Total fund balances for governmental funds		\$ 10,457,977
Amounts reported for governmental activities in the Statement of Net Assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Land and land improvements	1,554,963	
Buildings and improvements	7,269,651	
Furniture and equipment	2,307,566	
Infrastructure	18,418,009	
Accumulated depreciation	<u>(7,330,813)</u>	22,219,376
Internal Service Funds are used by management to charge the costs of certain activities such as workers compensation insurance and data processing systems. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.		2,516,316
Long-Term Bonded Debt is not due and payable in the current period and therefore is not reported in the funds. Interest payable on long-term debt and long-term compensated absence are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.		
Bonds and notes payable	(11,015,199)	
Accrued interest payable	(78,110)	
Accrued compensated absences	<u>(1,039,024)</u>	<u>(12,132,333)</u>
Net assets of governmental activities		<u>\$ 23,061,336</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2005

	General Fund	Grosse Gratiot Drain Fund	Non-Major Funds	Totals June 30, 2005
Revenues				
Property taxes	\$ 8,295,630	\$ 3,042,249	\$ 1,404,994	\$ 12,742,873
State-shared revenues	1,655,968	-	938,946	2,594,914
Delinquent interest and collection fee income	306,283	-	-	306,283
Federal financial assistance	-	-	81,447	81,447
Other revenues	1,990,366	2,215	452,658	2,445,239
Investment income	214,370	-	5,148	219,518
Donations	-	-	139,312	139,312
Total revenues	12,462,617	3,044,464	3,022,505	18,529,586
Expenditures				
Current	2,253,072	-	-	2,253,072
General government	4,740,853	-	9,624	4,750,477
Public safety	816,472	-	-	816,472
Public works	1,635,410	-	-	1,635,410
Parks and recreation	-	-	784,373	784,373
Administration	-	-	3,117,367	3,117,367
Street maintenance	-	-	46,346	46,346
Winter maintenance	-	-	237,524	237,524
Ambulance activities	-	934,697	-	934,697
Drain assessment	-	-	85,047	85,047
Contractual services	-	36,000	185,789	221,789
Other	-	-	1,460,884	1,460,884
Solid waste	-	-	283,238	283,238
Municipal improvement	-	-	-	-
Charges from Internal Service for use of equipment and supplies	460,000	8,000	188,835	656,835
Debt service	-	974,047	2,585,426	3,559,473
Principal retirement	-	245,424	62,867	308,291
Interest and paying agent fees	-	-	-	-
Total expenditures	9,905,807	2,198,168	9,047,320	21,151,295
Revenues over (under) expenditures	2,556,810	846,296	(6,024,815)	(2,621,709)
Other financing sources (uses)				
Transfers in	155,000	-	3,306,979	3,461,979
Transfers out	(2,709,979)	(850,000)	(665,961)	(4,225,940)
Total other financing sources (uses)	(2,554,979)	(850,000)	2,641,018	(763,961)
Revenues and other financing sources over (under) expenditures and other uses	1,831	(3,704)	(3,383,797)	(3,385,670)
Fund balances				
Beginning of year	4,887,262	1,513,557	7,442,828	13,843,647
End of year	\$ 4,889,093	\$ 1,509,853	\$ 4,059,031	\$ 10,457,977

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended June 30, 2005

Net change in fund balance - total governmental funds		\$ (3,385,670)
Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Buildings and improvements	\$ 3,134,404	
Land improvements	(3,036,460)	
Furniture and equipment	140,741	
Infrastructure	2,613,313	
Depreciation expense	<u>(645,903)</u>	2,206,095
Internal service funds are used by management to charge the costs of certain activities such as workers compensation and data processing services, to individual funds. The net revenue expense of the internal service funds is reported with governmental activities		
		(216,202)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets		
Refunding of 1997 Bond		2,435,000
Repayment of bond principal		1,049,473
Decrease in accrued interest on long-term debt		24,876
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in accrued compensated absences		<u>(365,060)</u>
Change in net assets of governmental activities		<u>\$ 1,748,512</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Funds	Non-Major Enterprise Funds	Totals June 30, 2005	
	Water/Sewer Utility Fund			
Assets				
Current assets				
Cash and cash equivalents	\$ 1,140,203	\$ 260,373	\$ 1,400,576	\$ 1,230,895
Prepaid expenses	-	37,627	37,627	-
Due from other funds	-	-	-	103,730
Accrued interest receivable	-	-	-	8,369
Accounts receivable	34,418	-	34,418	-
Billed	309,787	-	309,787	-
Estimated unbilled	728,430	-	728,430	-
Total current assets	2,212,838	298,000	2,510,838	1,342,994
Net capital assets	21,775,399	478,100	22,253,499	1,407,753
Total assets	<u>\$ 23,988,237</u>	<u>\$ 776,100</u>	<u>\$ 24,764,337</u>	<u>\$ 2,750,747</u>
Liabilities and Fund Equity				
Accounts payable	\$ 150,692	\$ 18,926	\$ 169,618	\$ 36,224
Interest payable	31,857	-	31,857	-
Due to other funds	8,403	1,500	9,903	94,916
Claims reserved	-	-	-	100,000
Accrued wages and compensated absences	811	-	811	3,291
Total current liabilities	191,763	20,426	212,189	234,431
Long-term debt	-	-	-	-
Current portion due within one year	195,000	-	195,000	-
Long term portion	5,510,000	-	5,510,000	-
Total long-term liabilities	5,705,000	-	5,705,000	-
Total liabilities	<u>5,896,763</u>	<u>20,426</u>	<u>5,917,189</u>	<u>234,431</u>
Net assets				
Investment in capital assets, net of related debt	16,070,399	478,100	16,548,499	1,407,753
Unrestricted	2,021,075	277,574	2,298,649	1,108,563
Total net assets	<u>\$ 18,091,474</u>	<u>\$ 755,674</u>	<u>\$ 18,847,148</u>	<u>\$ 2,516,316</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Funds			
	Water/Sewer Utility Fund	Non-Major Enterprise Funds	Totals June 30, 2005	
Operating revenue				
Water sales and charges for services	\$ 4,266,500	\$ -	\$ 4,266,500	\$ -
Penalties	39,607	-	39,607	-
Fees and violations	-	160,788	160,788	-
Park violations	-	113,077	113,077	-
Dockings and launching fees	-	171,859	171,859	-
Commodity sales	-	81,683	81,683	-
Revenue, billings to other funds	-	-	-	1,139,000
Other revenues	217,041	72,763	289,804	567,174
Total operating revenues	4,523,148	600,170	5,123,318	1,706,174
Operating expenses				
Water and disposal charges	2,547,816	-	2,547,816	-
Operation and maintenance	253,959	468,019	721,978	429,815
Administration	624,846	76,860	701,706	1,188,394
Depreciation	561,129	42,889	604,018	316,212
Insurance expense and contractual services	-	-	-	5,000
Charges from internal service funds	200,500	83,500	284,000	26,000
Payments in lieu of taxes	275,000	25,000	300,000	-
Total operating expenses	4,463,250	696,268	5,159,518	1,965,421
Operating income (loss)	59,898	(96,098)	(36,200)	(259,247)
Nonoperating revenues (expenses)				
Proceeds from sale of fixed assets	-	-	-	14,924
Investment income	18,063	6,418	24,481	-
Interest income	-	-	-	29,646
Interest and paying agent fees	(196,933)	-	(196,933)	(1,525)
Total nonoperating revenues (expenses)	(178,870)	6,418	(172,452)	43,045
Net loss before operating transfers	(118,972)	(89,680)	(208,652)	(216,202)
Transfers in (out)	770,000	(16,000)	754,000	-
Net loss	651,028	(105,680)	545,348	(216,202)
Net assets				
Beginning of year	17,440,446	861,354	18,301,800	2,732,518
End of year	\$ 18,091,474	\$ 755,674	\$ 18,847,148	\$ 2,516,316

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Funds			
	Water/Sewer Utility Fund	Non-Major Enterprise Funds	Totals June 30, 2005	
Cash flows provided by operating activities				
Cash received from customers	\$ 4,368,271	\$ 602,148	\$ 4,970,419	\$ 3,561
Cash received from interfund services/transfers	-	-	-	1,781,109
Cash payments to suppliers	(3,188,620)	(248,541)	(3,437,161)	(1,680,375)
Cash payments to employees	(680,318)	(394,892)	(1,075,210)	-
Net cash used in operating activities	499,333	(41,285)	458,048	104,295
Cash flows provided by noncapital financing activities				
Operating transfers from other funds	770,000	(16,000)	754,000	-
Cash flows used in capital and related financing activities				
Acquisition from construction of capital assets	(1,763,895)	(12,743)	(1,776,638)	(270,732)
Gain from sale of capital assets	-	-	-	14,924
Principal payments on revenue bond maturities	(594,574)	-	(594,574)	(1,525)
Interest payments on revenue bond maturities	(196,933)	-	(196,933)	(45,000)
Net cash used in capital and related financing activities	(2,555,402)	(12,743)	(2,568,145)	(302,333)
Cash flows provided by investing activities				
Interest and dividends on investments	18,063	6,418	24,481	29,646
Net decrease in cash and cash equivalents	(1,268,006)	(63,610)	(1,331,616)	(168,392)
Cash and cash equivalents				
Beginning of year	2,408,209	323,983	2,732,192	1,399,287
End of year	\$ 1,140,203	\$ 260,373	\$ 1,400,576	\$ 1,230,895
Operating income (loss)	\$ 59,898	\$ (96,099)	\$ (36,201)	\$ (259,247)
Adjustments to reconcile operating income to (loss) net cash provided by operating activities				
Depreciation	561,129	42,889	604,018	316,212
Changes in				
Accounts receivable	(154,875)	3,794	(151,081)	78,497
Accrued wages	(2,314)	-	-	-
Accounts payable	36,817	17,048	53,865	-
Deferred revenues	-	-	-	29,834
Due to other funds	(1,322)	(8,917)	-	(61,001)
Total adjustments	439,435	54,814	494,249	363,542
Net cash used in operating activities	\$ 499,333	\$ (41,285)	\$ 458,048	\$ 104,295

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,741,716	\$ 14,853
Due from other funds	127,667	-
Investments, at fair value		
U.S. government obligations	8,269,164	-
Corporate bonds	1,901,076	-
Stocks	20,769,671	-
Accrued interest receivable	80,825	-
Total assets	<u>\$ 32,890,119</u>	<u>\$ 14,853</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 257,269	\$ -
Due to other funds	200,329	1,740
Court bonds payable	-	13,113
Total liabilities	<u>457,598</u>	<u>14,853</u>
Net assets held in trust for pension benefits	<u>\$ 32,432,521</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds – Pension Trust Funds
Year Ended June 30, 2005

	Pension Trust Funds
Additions	
Investment income	\$ 1,598,709
Net appreciation in fair value of investments	6,467
Interest and dividends	<u>(4,981)</u>
Commission expense	1,600,195
Total investment income	
Contributions	1,506,564
Employer	<u>218,497</u>
Employee	<u>3,325,256</u>
Total additions	
Deductions	40,578
Employee refunds	1,985,280
Pension payments	1,021,847
Health care benefit payments	<u>274,296</u>
Administrative fee	<u>3,322,001</u>
Total deductions	3,255
Net decrease	
Net assets held in trust for pension benefits	<u>32,429,266</u>
Beginning of year	<u>\$ 32,432,521</u>
End of year	

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

1. Reporting Entity

The City of Grosse Pointe Woods, Michigan (the "City") was incorporated as a home rule village on January 4, 1927 and as a home rule City on December 11, 1950. The City has a population of 17,080 per the 2000 census and encompasses 3.2 square miles. The City is located approximately 10 miles north of downtown Detroit and is over 95% residential. There are no major industries or corporations located within the City limits. The City, with a summer work force of approximately 300 employees, is also the largest employer. The City operates under a City Charter, which provides for the election of a Mayor/Council who then appoints a City Administrator, City Clerk, City Comptroller and City Assessor.

The City provides a complete range of municipal services, which includes but is not limited to public safety, highways and streets, sanitation, water and sewer maintenance, building and code enforcement, parks and recreation, public improvements, planning and zoning, and general administration. The City contracts its engineering and legal services to outside professionals. A library and local school system operate under an independent government authority.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board ("FASB") issued after November 30, 1989 are not applied during the preparation of the financial statements of the enterprise fund types in accordance with GASB Statement No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will and policies on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Due to its relationship with the primary government, the Grosse Pointe Woods Building Authority ("the Authority") is presented as a blended component unit.

Commissioners of the Authority are appointed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its primary purpose is to issue general obligation bonds to finance major capital construction projects for used by the City as approved by the Mayor and Council.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

The activities of the Grosse Pointe Public School System have been properly excluded from the City's financial statements since the City only serves as a property tax collection agent for the school system and is not responsible for administrative or fiscal matters. Furthermore, the activities of the school system are conducted in neighboring cities and offered to residents of those cities, as well as to the residents of the City of Grosse Pointe Woods. No other organizations, which were considered for inclusion in this report, have been excluded.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with applicable state laws, regulations, City Charter and/or the City Code.

Basic Financial Statements – GASB Statement No. 34

Significant changes required by GASB Statement No. 34 including the following:

- A Management's Discussion and Analysis (MD&A) section that provides an analysis of the City's overall financial position and results of operations has been included with the financial statements.
- The preparation of government-wide financial statements using the full accrual basis of accounting for all activities of the City.
- Focus on the City as a whole in the government-wide financial statements and on the City's major funds in the fund financial statements.
- Capitalization and depreciation of capital assets previously reported in the General Fixed Assets Account Group.
- Recording of long-term debt in the government wide statement of net assets and elimination of the general long-term debt account group.

The activities of the City are categorized as either governmental or business-type in both the government-wide and fund financial statements. The majority of the City's activities are governmental activities and are supported primarily by property taxes, charges for services and intergovernmental revenues while business-type activities are supported by fees and charges for services. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund activity between governmental activities and business-type activities has not been eliminated so as to not distort the direct costs and program revenues of the various functions.

The *government-wide financial statements* report information on the City as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period and consist of the *Statement of Net Assets* and the *Statement of Activities*.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

The Statement of Net Assets presents information on all of the assets and liabilities of the City, with the difference between the two reported as Net Assets. Net assets are classified into one of three categories for accounting and financial reporting purposes:

- Invested in capital assets, net of related debt. This category represents the cost of the City's capital assets, net of accumulated depreciation and reduced by any outstanding debt used to acquire those assets.
- Restricted. Assets are considered restricted when constraints are placed on their use by external sources such as creditors and grantors, or imposed by statute.
- Unrestricted. Net assets that do not meet the definition of the two preceding categories are considered unrestricted and can be used for new spending. Designations are often placed upon unrestricted net assets to indicate that internal restrictions have been placed upon their use. However, designations differ from restrictions in that they may be subsequently removed or modified by management or the City Council.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues are segregated into three categories: charges for services, operating grants and capital grants. Charges for services are those revenues generated from charges to customers or applicants who purchase, use or directly benefit from the goods and services provided by a given function or segment. Operating and capital grants are those restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically associated with a particular program are reported as general revenues in the Statement of Activities.

Fund financial statements report information at the individual fund level and are, in substance, very similar to the financial statements presented in the previous financial reporting model. The focus of the fund financial statements is on the major funds of both governmental and business-type activities. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplementary information. Funds are classified as governmental, proprietary or fiduciary. The fiduciary funds are included in the fund financial statements but are excluded from the government-wide financial statements since these assets are being held for the benefit of third parties and are not available to support the activities or obligations of the City.

The City reports the following major governmental funds:

- The General Fund is the chief operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.
- Grosse Pointe Drain Fund is a debt service fund. This fund accumulates resources for the payment of the city's pro-rata share of the Wayne County bonds related to the improvement and operation of the Milk River Drain Facility.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

- Water and Sewer Utility Fund accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service.

Financial information regarding the City's Internal Service Funds is presented in summary form as part of the proprietary fund financial statements. Since the principal users of the services within these funds are the City's governmental activities, the financial statements of the Internal Service Funds are consolidated into the governmental activities in the entity-wide financial statements. Surpluses or deficits of the internal service funds are allocated back to the governmental activities within the government-wide financial statements.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds of the City are classified into three broad categories: governmental, proprietary and fiduciary.

The funds are grouped into three fund types and nine generic funds as described below:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

This fund is established to account for resources devoted to financing the general services that the City undertakes for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources, other than trusts or major capital projects, that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for revenues received and used to pay principal and interest on the City's long-term debt.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital facilities/equipment throughout the City other than those capital assets financed by Proprietary Funds.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds and Internal Service Funds.

Enterprise Funds

These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds

These funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. Internal Service Funds of a government (which traditionally provides services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service funds are consolidated into the governmental activities column when presented at the governmental-wide level. The costs of these services are allocated to the appropriate functional activity. The City operates a fleet maintenance operation, a building authority, a risk management (insurance program) and a management information operation, as internal services.

Fiduciary Fund Types:

Pension Trust Fund

These funds are used to account for assets held by the City in a trustee capacity for the benefit of the City's retirees and current employees.

Agency Funds

Funds that reflect the activities of the City acting as an agent for other governmental units or designated others. Agency Funds are, by nature, custodial; therefore, operational results are not measured.

3. Significant Accounting Policies

Measurement Focus and Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements.

The governmental-wide financial statements as well as the financial statements of the proprietary funds and pension trust funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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The governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues of governmental funds are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter usually 60 days for all revenues that are measurable to be used to pay liabilities of the current period. Federal grants, state distributions and grants, property taxes and interest earned are accrued since they are measurable and available. Special assessments are recognized as revenues only to the extent that individual installments are due within one year. Licenses and permits, fines and forfeitures and other revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due. The majority of the funds of the City are accounted for using the modified accrual basis of accounting. Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is provided after each governmental fund financial statement which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

Budgets and Budgetary Accounting

The City Administration is required by City Charter to prepare and submit an annual budget to the City Council by the first Monday in April. A comprehensive budget is prepared on the GAAP basis for the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds. Budgets are prepared on the same basis of accounting as that used to record actual results, and are adopted by the City Council (Third Monday in May) as required by the Michigan Department of Treasury. During the current year end the City Comptroller included utilization of a portion of the prior year's fund balance as a means to balance the budget within the General, Special Revenue, Debt Service and Capital Projects Fund. The City budgets all funds in accordance with generally accepted accounting principles.

Except for expenditures, which are to be financed by the issuance of bonds, installment notes or for other purposes not allocated to a budget appropriation, no money may be drawn from the treasury of the City without an approved appropriation. Also no obligation incurring the expenditure of money may be incurred without an appropriation covering all payments, which will be due under such obligation in the current fiscal year. The City Council, by resolution, may transfer any unencumbered appropriation balance, or any portion thereof, from one department, fund or agency to another. The City Council must also approve any revisions to the total budget appropriation. In the case of an emergency endangering the public health, peace or safety, the Council may make additional appropriations to cover unanticipated expenditures required by the City because of such emergency. No such appropriations were made during the year ended June 30, 2005. The Mayor and City Council, in accordance with the City Charter, legally adopt budgets by the third Monday in May prior to the beginning of the new fiscal year. The budgets are approved on a departmental basis for the General Fund (general government, public safety, public services and parks and recreation) and on an individual fund basis for Special Revenue, Debt Service and Capital Project Funds. No budgets are prepared for either the Cable Franchise or Parkway Beautification funds (Special Revenue Funds). Any dollar amounts expended from these funds must be approved by City Council on an individual basis.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

The City Comptroller, subject to approval by the Mayor and Council, performs reallocations of previously approved budgeted amounts to individual accounts. All budgets lapse at the end of the City's fiscal year. The accompanying budgetary comparison statements include all governmental fund types for which the City adopts separate budgets. Upon its adoption, the budget document, is made available to the general public via the local newspaper and through the City Clerk's office.

Encumbrances

Encumbrance accounting is used to record the commitments for purchase orders and contracts in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All budget appropriations lapse at the end of each fiscal year.

Fund Equity

Reserves represent those portions of fund equity not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Cash

Cash in excess of current operating requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

Investments

Investments held at June 30, 2005 are stated at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools". Several individual funds as of June 30, 2005 held AAA government agency securities that had final maturity dates in excess of one year.

Capital Assets

Capital assets are stated at cost or, if donated, the fair value at the date of donation. Expenditures that materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits and bond interest costs (within the proprietary funds only). In accordance with GASB 34 the City has compiled a detailed inventory of all capital assets for which it is responsible for its maintenance and repair. This is in addition to those assets that have been accounted for separately within the Business Type Activities and Internal Service Funds. These assets that previously were not depreciated are recorded depicting useful life and accumulated depreciation and are categorized by 5 distinct classifications. The City has adopted as of July 1, 2004 a capitalization policy of \$5,000 for an item or a class of items which can be included as a capital asset.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives for the following classes of assets are:

Asset	Life in Years
Water lines	50
Street/Parking lots	40
Parking meters	10
Boat docks	10
Seawalls	50
Buildings and structures	25
Vehicles	3-7
Furniture and equipment	5
Improvements	10-20

Compensated Absences

Employees may accumulate unused sick and vacation leave up to certain allowable limits. A percentage of unused sick/vacation leave is paid to employees, upon written request depending on union affiliation, termination, retirement or death.

The City's policy is to accrue in the Governmental funds, the portion of the liability for compensated sick and vacation time, which is expected to be paid with expendable available financial resources. For 2004-05 the accrued liability was \$73,020 and for long-term it was \$1,039,024. The portion of the vested liability, which is not expected to be paid with expendable available financial resources, is recorded in the Government wide statements as a long-term liability.

Cash Equivalents

For purposes of the Combined Statement of Cash Flows, the Business Type Activities and Internal Service funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less from date of purchase to be cash equivalents.

Self-Funded Insurance

In 1995, the City established the Workers Compensation Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss when notified of a workmen's compensation claim. Under this program, the Workers Compensation Fund retains coverage for up to a maximum of \$350,000 for each worker's compensation claim. After which, the City is reinsured up to an unlimited dollar amount for claims in excess of coverage provided by the fund as stipulated by Michigan law. As of June 30, 2005, the City had accumulated net assets of \$610,375 to pay claims in excess of an estimated \$100,000, which had been reserved to finance anticipated costs for expenses not yet reported. Since becoming self-insured, the City has not experienced or had to reserve for monetary loss where the dollar value has exceeded either coverage or loss fund limits.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

All funds, which account for labor costs, participate in the program and make payments to the Workers Compensation Fund to cover actuarial estimates of the amounts needed to pay current-year claims. The claims liability of \$100,000 reported in the fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

This liability includes an amount for claims that may have been incurred but not reported (I.B.N.R.). Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. The City's coverages are reviewed on a yearly basis and increased where necessary.

	Changes in Estimated Workers Compensation Claims Reserve are as follows	
	2005	2004
Beginning balance	\$ 100,000	\$ 150,000
Change in estimate	-	245,738
Claim payments	-	(295,738)
Ending balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Deposits and Investments

Deposits

At year-end, the carrying amount of the City's cash and cash equivalents for all funds including retirement funds was \$14,976,486 and the bank balance was \$15,557,116. Of the bank balance, \$6,507,000 was covered by federal depository insurance and \$9,050,116 remained uninsured and uncollateralized.

All nonpension fund investments of the City are invested only with highly rated Michigan banks or financial institutions and invested in compliance with P.A 20 per the City's Investment policy. Council approval is needed before the City Treasurer may initially invest funds with a financial institution and an annual report is required from all institutions that the City invests monies with.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

Investments

Michigan statutes authorize the City to invest in obligations of the U. S. Treasury, agencies and instrumentalities, commercial paper rated A-2 by Standards & Poor's Corporation or P-2 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and reverse repurchase agreements. Pension Trust Funds are authorized to invest in corporate stocks, corporate bonds, diversified investment companies, certain real estate offerings and mutual funds. All pension investment transactions must fall within the confines of Michigan Public Act 55, which regulates the purchases of securities and other long-term investment instruments. As of June 30th, the City retirement system utilized five (5) separate money managers to invest the proceeds of the system.

Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

	Category			Fair Value
	1	2	3	
U.S. government securities	\$ 8,128,592	\$ -	\$ -	\$ 8,128,592
Corporate bonds	1,901,076			1,901,076
Corporate stocks	20,769,671			20,769,671
	<u>\$ 30,799,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,799,339</u>

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

5. Capital Assets

Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at June 30, 2005 for governmental activities follows:

Governmental Activities	Balance, July 1, 2004	Additions	Disposals	Balance, June 30, 2005	Internal Service Funds
Capital assets, not being depreciated					
Land	\$ 1,439,899	\$ -	\$ -	\$ 1,439,899	\$ -
Total capital assets, not being depreciated	1,439,899	-	-	1,439,899	-
Capital assets, being depreciated					
Land improvements	3,151,524	115,064	(3,151,524)	115,064	-
Buildings	4,135,246	3,200,910	(66,505)	7,269,651	-
Equipment and vehicles	2,166,825	214,154	(73,413)	2,307,566	3,914,996
Infrastructure	15,804,696	2,613,313	-	18,418,009	-
Total capital assets, being depreciated	25,258,291	6,143,441	(3,291,442)	28,110,290	3,914,996
Less: Accumulated depreciation					
Land improvements	1,257,508	3,706	(1,257,508)	3,706	-
Infrastructure	2,677,803	472,541	-	3,150,344	-
Buildings	1,965,410	81,885	(66,505)	1,980,790	-
Equipment and vehicles	784,189	1,411,784	-	2,195,973	2,507,243
Total accumulated depreciation	6,684,910	1,969,916	(1,324,013)	7,330,813	2,507,243
Total capital assets, being depreciated, net	18,573,381	4,173,525	(1,967,429)	20,779,477	1,407,753
Governmental activity capital assets, net	\$ 20,013,280	\$ 4,173,525	\$ (1,967,429)	\$ 22,219,376	\$ 1,407,753

The components of capital assets for Enterprise Funds at June 30, 2005 are summarized as follows:

	Enterprise Funds
Infrastructure/land improvements	\$ 29,190,311
Less: Accumulated depreciation	(6,936,812)
Total	\$ 22,253,499

Depreciation was allocated within the Statement of Governmental Activities as follows:

General government	\$ 39,536
Public safety	23,721
Public works	392,754
Parks/recreation	189,892

City of Grosse Pointe Woods, Michigan **Notes to Financial Statements** **June 30, 2005**

6. Long-Term Debt

Changes in long-term liabilities of the City for the year ended June 30, 2005 and debt service to maturity for bonds and contract payable were as follows:

Type of Security and Description of Issue	Date of Issue	Amount Authorized and Issued	Amount Outstanding at July 1, 2004	Additions	Reductions	Amount Outstanding at June 30, 2005	Interest Rates	Maturity Dates
General Obligation Bonds								
1997 Park Improvement Bonds	03/01/97	\$ 3,950,000	\$ 2,435,000	\$ -	\$ (2,435,000)	\$ -	3.7 to 5.0%	Refunded 10/1/04 to 10/01/2009
2000 Park Installment Note	09/14/00	200,350	55,426	-	(55,426)	-	4.9 to 5.05%	08/01/2004
2003 Recreation Refunding Bonds	06/01/03	2,175,000	2,175,000	-	(20,000)	2,155,000	1.1% to 3.55%	10/1/2003 to 10/1/2009
Contract - Wayne County Drain Commission, Wayne County Combined Drain Bonds	Various	19,208,696	9,834,246	-	(974,047)	8,860,199	Various	11/01/92 to 10/01/04
Building Authority Fund Bonds	01/01/94	350,000	45,000	-	(45,000)	-	6.3 to 6.5%	08/01/95 to 08/01/04
Other long-term liabilities, accrued compensated absences			673,964	365,060	-	1,039,024		
Total General Long-Term Governmental Activities			15,218,636	365,060	(3,529,473)	12,054,223		
Enterprise Fund								
1993 Revenue Bonds	09/01/93	2,020,000	610,000	-	(205,000)	405,000	4.5 to 4.6%	11/01/93 to 11/01/06
2003 Revenue Bonds	06/01/03	5,300,000	5,300,000	-	-	5,300,000	2.2 to 4.0%	11/01/02 to 11/01/22
2000 Installment Note	09/14/00	1,409,470	389,574	-	(389,574)	-	4.9 to 5.05%	08/01/00 to 08/01/04
Total Long-Term Debt			\$ 21,518,210	\$ 365,060	\$ (4,124,047)	\$ 17,759,223		

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

The following depicts the breakdown by fund that total compensated absence total as of June 30, 2005:

	2005	2004
General	\$ 745,716	\$ 473,937
Special revenue		
Major streets	39,128	34,133
Local streets	55,774	44,206
Ambulance	40,965	34,823
Solid waste	28,303	21,525
Enterprise		
Parking	15,339	3,736
Water/sewer	69,045	31,538
Boat docks	8,010	6,954
Internal Service		
Motor vehicle	23,495	15,169
Management information	13,249	7,943
Total	<u>\$ 1,039,024</u>	<u>\$ 673,964</u>

Consistent with previous years employees who wages are funded by the:

- 1) General Fund
- 2) Special Revenue Fund
- 3) Enterprise/Internal Service Funds

Are responsible to accumulate resources to fund long-term compensated absences.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

	2003 Park Refunding	Wayne County Combined Drain Bonds	1993 Revenue Bonds	2003 Revenue Bonds	Total
2006	455,438	1,218,781	209,048	173,829	2,057,096
2007	473,100	1,218,996	214,830	173,829	2,080,755
2008	473,410	1,221,084	-	421,016	2,115,510
2009	481,465	1,224,895	-	420,176	2,126,536
2010	427,455	1,221,465	-	423,835	2,072,755
2011	-	1,225,119	-	426,741	1,651,860
2012	-	1,229,746	-	423,760	1,653,506
2013	-	1,236,773	-	425,029	1,661,802
2014	-	-	-	430,732	430,732
2015	-	-	-	431,044	431,044
2016	-	-	-	435,760	435,760
2017	-	-	-	434,660	434,660
2018	-	-	-	437,799	437,799
2019	-	-	-	445,019	445,019
2020	-	-	-	446,245	446,245
2021	-	-	-	446,534	446,534
2022	-	-	-	450,759	450,759
2023	-	-	-	453,789	453,789
2024	-	-	-	-	-
2025	-	-	-	-	-
Less: Interest	2,310,868 (155,868)	9,796,859 (936,660)	423,878 (18,878)	7,300,556 (2,000,556)	19,832,161 (3,111,962)
	\$ 2,155,000	\$ 8,860,199	\$ 405,000	\$ 5,300,000	\$ 16,720,199

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

7. Contingent Liabilities

There are various legal actions and claims pending against the City. In the opinion of City management and their attorneys, the ultimate liability, if any, with respect to these matters will not materially affect the financial position of the City.

8. Interfund Balances and Transfers

The following reconciles the City's due to and due from and the transfers in/out during the course of the fiscal year:

	Due From Other Funds	Due To Other Funds
General	\$ 288,227	\$ 184,971
Major Streets	-	28,173
Local Streets	350,000	55,007
Ambulance	-	4,167
Solid Waste	90,040	3,000
Grants	-	26,541
911 Emergency	-	917
Cable Fund	-	350,000
Parking	-	1,083
Water/Sewer	-	8,403
Boat Docks	-	417
Worker's Compensation	103,730	46,500
Motor Vehicle	-	2,083
Management Information	-	833
Building Authority	-	45,500
Wayne County Tax	-	1,740
Pension	127,667	200,329
	<u>\$ 959,664</u>	<u>\$ 959,664</u>

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

	Operating Transfer In	Operating Transfer Out
General	\$ 155,000	\$(2,709,979)
Major Streets	606,000	-
Local Streets	1,208,000	-
Ambulance	342,504	-
Act 302 Training	1,000	-
Solid Waste	-	(75,000)
Drug Enhancement	-	(1,000)
Cable Fund	80,000	(130,000)
1997 Recreation	416,475	-
2000 Recreation Install Note	57,000	-
Grosse Gratiot Drain	-	(850,000)
Municipal Improvement	246,000	(100,000)
Water/Sewer	770,000	-
Commodity Sales	-	(16,000)
	<u>\$ 3,881,979</u>	<u>\$(3,881,979)</u>

During the budget process the mayor/council approve the various transfers between funds to finance specific projects and operations.

9. Retirement System

Description

The City has a contributory single employer defined benefit pension plan ("City of Grosse Pointe Woods Employees Retirement System" or the "System") which covers substantially all full-time employees. Total payroll expenditures for all employees covered by the System for the year ended June 30, 2005 were \$5,423,355 this included \$2,898,486 for General employees and \$2,524,869 for Public Safety employees. Total cash basis payroll expenditures for all employees for the year ended June 30, 2005 were \$6,799,505. Transactions in connection with City and employee contributions, pension payments to retirees or their beneficiaries and the management, investment and related cost of overseeing of the System's assets are accounted for on the accrual basis in the Pension Trust Fund of the City. Contributions are recognized when due based upon the recommendation of the City's actuaries.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

All City employees, working at least 1,200 hours per year, are eligible to participate in the System. All benefits and refunds of participant contributions are recognized when due and payable upon approval from City Council. Employees vest after 10 years of service with special provisions for death and disability (duty and non-duty) benefits. As of June 30, 2005, 82 retirees and/or beneficiaries were receiving benefit payments and healthcare coverage. The System has 100 active members (of which 41 were fully vested and the remainder partially vested). Benefit payments are computed based on years of service, final average compensation and an annual percentage factor, which is a negotiable item with the various unions. The City and covered employees are required to make contributions in accordance with the Retirement System Ordinance (5% for General Employees and 6% for Public Safety Employees). The Retirement System Ordinance in compliance with the various union agreements establishes the various medical and life benefits to be paid by the System. Both the union and the City Administration must agree upon any benefit changes with final approval by the Mayor and Council. The City utilizes the actuarial firm of Gabriel, Roeder, Smith and Company to perform an annual review of the Retirement System as well as to provide other actuarial services, as requested.

The Supplemental Annuity Fund, a single employer plan, is an additional benefit that is paid to eligible retirees based upon their total years of service with the City at the date of their retirement. Amounts paid to the retiree range from \$3,000 annually for 10 years of service to \$4,800 maximum for 25 years of service. The Supplemental Annuity Fund was established as a negotiable item within the various union contracts. Supplemental annuity benefits were discontinued for all Public Safety employees effective January 1, 1995. The monies transferred by the City to the Supplemental Annuity Fund are done subsequent to an actuarial review performed by Gabriel, Roeder and Smith. The City pays 100% of the contributions made to the Plan.

Contributions

The System's funding policy provides for monthly contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using the entry age actuarial funding method. Assets in excess of the net pension obligation are being amortized as a level percent of payroll over a period of 11 years (19 years for the supplemental annuity plan). Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the net pension obligation.

During the year ended June 30, 2005, contributions totaling \$1,325,061 were made, including \$1,106,564 by the City and \$218,497 by its employees. The recommended percent of payroll contribution by the City for the fiscal year 2004-05 consisted of 14.09% General and 19.43% Public Safety for normal cost and a credit of 7.69% for amortization of the unfunded actuarial accrued liability. An alternative method of contributions is the actuarially determined contributions, which requested \$91,618 for general members and \$75,358 Public Safety employees for pension benefits. However, since the City has continuously funded its health care benefits for its retirees on a pay as you go basis the excess credit is used to reduce the health care expenditure. In addition to the actuarial credit the City contributed \$852,352 that was used for health care purposes. The employees' and City's contributions represented 5.0% and 16.47%, respectively, of annual covered payroll for General Employees and 6.0% and 20.81% for the Public Safety employees.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

In addition to the Pension System the City also contributed \$250,000 to the employees Supplemental Annuity Fund.

The City's financial policy in compliance with State law states that the City will contribute the annual required contribution for both pension and health care benefits unless the Mayor and City Council denote otherwise during the budget process.

The City's Retirement Board does not issue a separate independent financial report for either the Retirement System or Supplemental Annuity plan.

In addition to providing pension benefits, as stipulated by Ordinance 543 of the City Code, the City provides health and dental care benefits for retired employees and their eligible dependents. The City of Grosse Pointe Woods is the administrator of the Plan. All of the City's full-time employees may become eligible for these benefits if they reach normal retirement age or are granted a disability pension while working for the City. The cost of providing medical benefits for 93 retirees for the year ended June 30, 2005 totaled \$1,225,872.

10. Tax Calendar

The assessed and equalized valuations of taxable property is determined as of December 31st of each year and is the basis upon which property taxes are levied during the succeeding fiscal year. The passage of Proposal A in March 1994 radically changed the methodology utilized by the City in deriving property values therefore affecting tax collections. Property tax levies are based on taxable value instead of state equalized value. Prior to the revision in the Tax Act, tax levies were computed on a property's "S.E.V." which approximated 50% of the property's market value. Proposal A capped the taxable value of each parcel of property, adjusted for additions and losses, at the previous year's rate of inflation or 5% whichever is less, until the property is sold or transferred. When ownership of a parcel of property is transferred, the taxable value and the state equalized value are readjusted to 50% of true cash value the first calendar year following the sale.

The Mayor and City Council by Charter may levy up to 20 mills for maintenance and operations of the City. Passage of the Headlee Act, effective December 23, 1978, made it necessary for the City to reduce its total authorized operating millage from 20 mills to 14.2040 mills. The millage rate levied by the City for fiscal year 2004-05 was as follows:

July 1 - 2004 Summer	\$ 12.99	
December 1 - 2004 Winter	3.37	
Subtotal	<u>\$ 16.36</u>	mills

The tax levy of the City is established by the City Council. The assessment of all properties is performed by the City Assessor and validated by Wayne County Department of Equalization. By Charter, the City Treasurer is responsible for the collection and distribution of tax monies to the respective governmental agencies.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

The property tax calendar for revenues billing received and accrued for the fiscal year ended June 30, 2005 is shown as follows:

	Summer	Winter
Valuation date (tax day)	December 31, 2003	December 31, 2003
Public hearing date to adopt mileage	Third Monday - May	
Tax bills due and payable (lien date)	July 1, 2004	December 1, 2004
Tax bills due without penalty	September 15, 2004	February 14, 2005
Last day taxes payable at City	February 28, 2005	February 28, 2005

After February 28th, 2005 all real property taxes were payable at the Wayne County Treasurer's office. The City Treasurer is mandated by law to collect all unpaid personal property taxes as of March 1st with additional interest and penalties as prescribed by State Statute.

11. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure in the general-purpose financial statements of certain information relating to individual funds as presented.

The City utilizes a percentage of prior year equity, when sufficient, to provide a balanced budget in certain individual funds. As of June 30, 2005 the City had no funds aside from the Building Authority that had a deficit in either its Fund Balances or Unrestricted Net Assets.

Building Authority (\$45,378): The deficit in the Building Authority Fund represents an initial transfer of capital assets (1993 parking facility) to the Parking Meter Utility Fund. The reduction of this deficit will coincide with the annual maturity of the bonds outstanding through a budgeted transfer of funds from the Parking Meter Utility Fund. The deficit will be fully eliminated during the 2005-06 fiscal year with a transfer of monies from the Parking Fund.

12. Deferred Compensation Plan

The City offers its employees a Deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is available to all full time city employees, which permits them to defer a portion of their salary until future years. Payment of the deferred compensation is not available to employees until retirement, death or unforeseeable emergency. As of June 30, 2005 employees who had elected to participate in the plan had contributed \$2,630,704.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the individual participants.

In accordance with GASB Statement No. 32, all the assets held in trust were removed from the financial statements as the City no longer has legal control over the Plan assets.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2005

13. Accumulated Assets

Accumulated assets for the post-employment health care benefits are recognized in the Retiree Health Care Trust Fund. The City in preparation for proposed statements Numbers 45 and 43 as put forward by the Governmental Accounting Standards Board created a trust fund to accumulate and invest monies to finance future health care liabilities.

The new statements provide guidance for governmental agencies in recognizing the cost of retiree health care as well as any other post employment benefit. The new rule will mandate that governmental agencies recognize and reflect the true cost of providing retiree health care coverage over the estimated working life of the employee, rather than at the time the actual benefit payment is made. The new pronouncement is effective for the fiscal year ending June 30, 2009.

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
REQUIRED SUPPLEMENTARY INFORMATION**

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Funding Progress
Pension Plan
(dollar amount in thousands)
June 30, 2005

	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Attained Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
1996	\$ 24,251	\$ 20,348	\$ (3,903)	119.2 %	\$ 3,588	0.0 %
1997	26,876	20,533	(6,343)	130.9 %	3,882	0.0 %
1998	30,018	22,403	(7,615)	134.0 %	4,305	0.0 %
1999	33,785	26,108	(7,677)	129.4 %	4,426	0.0 %
2000	36,943	27,097	(9,846)	136.3 %	4,553	0.0 %
2001	38,298	29,108	(9,190)	136.6 %	4,853	0.0 %
2002	37,739	30,427	(7,312)	124.0 %	5,058	0.0 %
2003	35,745	32,137	(3,608)	111.2 %	4,970	0.0 %
2004	34,404	33,804	(600)	101.8 %	5,050	0.0 %

Summary of actuarial Methods and Assumptions

Valuation date	June 30, 2004
Actuarial cost method	Entry age. Actuarial cost method
Amortization method	Level percent of payroll, closed
Remaining amortization period	10 years
Asset valuation method	4 year Smoothed Market value
Actuarial assumptions	
Investment rate of return*	8.0%
Projected salary increase*	5-5% - 9.3%
Assumed payroll growth	5.5%
Cost-of-living adjustments	2.5% - compound

*includes inflation at 5.0%

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Employer Contributions (Pension Plan)
Pension Plan Except for Health Insurance
(dollar amount in thousands)
June 30, 2005

Fiscal Year Beginning July 1	Annual Required Contribution	Annual Contributions*	Percentage Contributed	Net Pension Obligation
1996	\$ 400,188	\$ 375,192	94%	\$ -
1997	272,760	214,343	79%	-
1998	179,261	175,441	98%	-
1999	75,147	79,786	106%	-
2000	-	77,798	**	-
2001	-	261,297	**	-
2002	-	39,549	**	-
2003	-	-	0%	-
2004	169,976	169,976	100%	-

** No annual requirement for the fiscal year, however, contributions have been made on behalf of the City.

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Funding Progress
Supplementary Annuity Fund
(dollar amount in thousands)
June 30, 2005

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL) Attained Age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percent of Covered Payroll
1996	\$ 514	\$ 2,110	\$ 1,596	24.4 %	\$ 3,588	44.5 %
1997	592	2,091	1,499	28.3 %	3,882	38.6 %
1998	690	2,163	1,473	31.9 %	4,305	34.2 %
1999	760	2,359	1,599	32.2 %	4,426	36.1 %
2000	739	2,406	1,667	30.7 %	4,553	36.6 %
2001	712	2,463	1,751	28.9 %	4,853	36.1 %
2002	642	2,575	1,933	24.9 %	5,058	38.2 %
2003	581	2,639	2,058	22.0 %	4,970	53.1 %
2004	591	2,662	2,071	22.2 %	5,050	41.0 %

Summary of actuarial Methods and Assumptions

Valuation date	June 30, 2004
Actuarial cost method	Entry age. Actuarial cost method, level dollar
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return*	8.0%
Projected salary increase*	5-5% - 9.3%
Assumed payroll growth	5.5%
Cost-of-living adjustments	2.5% - compound for retirees after June 30, 1990

*includes inflation at 5.0%

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Employer Contributions
Supplemental Annuities
(dollar amount in thousands)
June 30, 2005

Fiscal Year Beginning July 1	Annual Required Contribution	Annual Contributions*	Percentage Contributed	Net Pension Obligation
1996	\$ 156,590	\$ 171,600	110%	\$ -
1997	160,219	191,250	119%	-
1998	155,713	176,500	113%	-
1999	158,250	178,500	113%	-
2000	173,639	205,000	118%	-
2001	173,282	202,000	117%	-
2002	193,418	193,006	100%	-
2003	215,888	203,000	94%	-
2004	234,098	250,000	100%	-

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
June 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 8,215,000	\$ 8,215,000	\$ 8,295,630	\$ 80,630
Intergovernmental revenues	1,680,000	1,680,000	1,655,968	(24,032)
	<u>9,895,000</u>	<u>9,895,000</u>	<u>9,951,598</u>	<u>56,598</u>
Delinquent interest and collection fee income	292,000	292,000	306,283	14,283
Other revenues				
Traffic violations and court fees	675,000	675,000	717,903	42,903
Licenses and permits	763,000	763,000	917,376	154,376
Public service administration charge	300,000	300,000	300,000	-
Miscellaneous income	370,000	370,000	269,457	(100,543)
Total other revenues	<u>2,108,000</u>	<u>2,108,000</u>	<u>2,204,736</u>	<u>96,736</u>
Operating transfer in	<u>160,000</u>	<u>160,000</u>	<u>155,000</u>	<u>(5,000)</u>
Total revenues and other financing sources	<u>\$ 12,455,000</u>	<u>\$ 12,455,000</u>	<u>\$ 12,617,617</u>	<u>\$ 162,617</u>

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
June 30, 2005

	General Fund			Variance with Final Budget (Favorable) Unfavorable
	Original Budget	Final Budget	Actual	
General government				
Legislative				
Personal services	\$ 136,000	\$ 144,000	\$ 142,325	\$ (1,675)
Commissions	23,000	18,000	15,358	(2,642)
Total	<u>159,000</u>	<u>162,000</u>	<u>157,683</u>	<u>(4,317)</u>
Judicial				
Personal services	85,000	86,000	85,332	(668)
Court-related fees	327,000	322,000	314,394	(7,606)
Total	<u>412,000</u>	<u>408,000</u>	<u>399,726</u>	<u>(8,274)</u>
Executive				
City Clerk	332,000	305,000	299,298	(5,702)
City Comptroller	475,000	367,000	362,243	(4,757)
City Attorney	200,000	189,000	188,162	(838)
Administration	152,000	160,000	148,719	(11,281)
Building inspections	249,000	231,000	221,821	(9,179)
Fringes	373,000	367,000	360,696	(6,304)
Other services and charges	115,000	121,000	114,725	(6,275)
Total	<u>1,896,000</u>	<u>1,740,000</u>	<u>1,695,664</u>	<u>(44,336)</u>
Charges from Internal Service Fund for use of equipment and supplies	85,000	85,000	85,000	-
Total general government	<u>2,552,000</u>	<u>2,395,000</u>	<u>2,338,073</u>	<u>(56,927)</u>
Public safety				
General				
Supervision and administration	376,000	364,000	359,132	(4,868)
General				
Police service	2,605,000	2,715,000	2,584,702	(130,298)
Support service	129,000	116,000	111,063	(4,937)
Total police	<u>2,734,000</u>	<u>2,831,000</u>	<u>2,695,765</u>	<u>(135,235)</u>
Fire, prevention and inspection	237,000	246,000	214,202	(31,798)
Employee fringe benefits	1,393,000	1,343,000	1,333,718	(9,282)
Other services & charges	150,000	144,000	138,036	(5,964)
Charges from Internal Service Fund for use of equipment and supplies	270,000	270,000	270,000	-
Total public safety	<u>5,160,000</u>	<u>5,198,000</u>	<u>5,010,853</u>	<u>(187,147)</u>

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
June 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget (Favorable) Unfavorable
Public Works				
General				
Supervision and engineering	\$ 57,000	\$ 68,000	\$ 65,802	\$ (2,198)
Employee fringe benefits	47,000	43,000	37,145	(5,855)
City building and grounds	101,000	123,000	120,957	(2,043)
Total	205,000	234,000	223,904	(10,096)
Operating expenditures	564,000	597,000	592,568	(4,432)
Charges from Internal Service Funds for use of equipment and supplies	45,000	45,000	45,000	-
Total public works	814,000	876,000	861,472	(14,528)
Parks and recreation				
General				
Supervision and engineering	36,000	27,000	22,350	(4,650)
Employee fringe benefits	137,000	137,000	135,767	(1,233)
Total	173,000	164,000	158,117	(5,883)
Recreation				
Lake Front Park	1,041,000	1,148,000	1,145,178	(2,822)
City Parks	45,000	61,000	38,652	(22,348)
Community Center	336,000	315,000	270,655	(44,345)
Total recreation	1,422,000	1,524,000	1,454,485	(69,515)
Operating expenditures	23,000	23,000	22,808	(192)
Charges from Internal Service Funds for use of equipment and supplies	60,000	60,000	60,000	-
Total parks and recreation	1,678,000	1,771,000	1,695,410	(75,590)
Contingency				-
Transfers out	2,796,000	2,760,000	2,709,979	(50,021)
Total expenditures and transfers out	\$13,000,000	\$13,000,000	\$12,615,787	\$ (384,213)

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
B – NON-MAJOR GOVERNMENTAL COMBINING**

City of Grosse Pointe Woods, Michigan
Balance Sheet
Non-Major Governmental Funds – By Fund Type
June 30, 2005

	Special Revenue	Debt Service	Municipal Improvement Fund Capital Project	Totals
Assets				
Cash and cash equivalents	\$ 4,279,473	\$ 15	\$ 140,345	\$ 4,419,833
Due from other funds	440,040	-	-	440,040
Accounts receivable	159,539	-	-	159,539
Total assets	<u>\$ 4,879,052</u>	<u>\$ 15</u>	<u>\$ 140,345</u>	<u>\$ 5,019,412</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 490,307	\$ -	\$ 2,270	\$ 492,577
Due to other funds	467,804	-	-	467,804
Total liabilities	<u>958,111</u>	<u>-</u>	<u>2,270</u>	<u>960,381</u>
Fund balances				
Reserved for community programs	2,603,930	-	-	2,603,930
Reserved for debt service	-	15	-	15
Unreserved, designated for subsequent years programs	1,317,011	-	138,075	1,455,086
Total fund balances	<u>3,920,941</u>	<u>15</u>	<u>138,075</u>	<u>4,059,031</u>
Total liabilities and fund balances	<u>\$ 4,879,052</u>	<u>\$ 15</u>	<u>\$ 140,345</u>	<u>\$ 5,019,412</u>

City of Grosse Pointe Woods, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended June 30, 2005

	Special Revenue	Debt Service	Municipal Improvement Fund Capital Project	Totals
Revenues				
Property taxes	\$ 1,404,994	\$ -	\$ -	\$ 1,404,994
State-shared taxes	938,946	-	-	938,946
Federal financial assistance	81,447	-	-	81,447
Donations	139,311	-	-	139,311
Interest income	-	47	5,101	5,148
Other revenues	411,780	-	40,879	452,659
Total revenues	2,976,478	47	45,980	3,022,505
Expenditures				
Ambulance services	237,524	-	-	237,524
Public safety training	9,624	-	-	9,624
Street maintenance	3,117,367	-	-	3,117,367
Winter maintenance	46,346	-	-	46,346
Administration and maintenance	784,373	-	-	784,373
Solid waste/recycling services	1,460,884	-	-	1,460,884
Bond and debt retirements	-	2,585,426	-	2,585,426
Interest and paying agent fees	-	62,867	-	62,867
Municipal improvement	-	-	283,238	283,238
Other	185,789	-	-	185,789
Contractual services	85,047	-	-	85,047
Charges from Internal Service Funds for use of equipment and supplies	188,835	-	-	188,835
Total expenditures	6,115,789	2,648,293	283,238	9,047,320
Revenues (under) expenditures	(3,139,311)	(2,648,246)	(237,258)	(6,024,815)
Other financing sources (uses)				
Transfers in	2,587,504	473,475	246,000	3,306,979
Transfers out	(556,000)	(9,961)	(100,000)	(665,961)
Total revenues and other financing sources (uses)	2,031,504	463,514	146,000	2,641,018
Revenues and other financing sources over (under) expenditures	(1,107,807)	(2,184,732)	(91,258)	(3,383,797)
Fund balances				
Beginning of year	5,028,748	2,184,747	229,333	7,442,828
End of year	\$ 3,920,941	\$ 15	\$ 138,075	\$ 4,059,031

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
C – NON-MAJOR SPECIAL REVENUE FUNDS**

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
June 30, 2005

Major Street Fund – To account for the maintenance and replacement of all major streets within the City. Financing is provided by the distribution of Gas Tax proceeds.

Local Street Fund – To account for the maintenance and replacement of all local streets within the City. Financing is provided by distribution of Gas Tax proceeds.

Ambulance Fund – To account for the operations and maintenance of the city-owned ambulance. Financing is specified by City Charter as .5 mills of the general City millage.

Act 302 Training Fund – To account for the costs of training courses for the police department. Financing is provided by state grants.

Solid Waste Fund – To account for the collection, disposal and recycling of all residential and commercial waste within the City. Financing is provided by a separate tax millage.

Grants Fund – To account for the activity of the Community Development Block Grant Program and other Federal grants. Financing is provided by the Wayne County Economic Development Grant Program.

911 Emergency Fund – Fund established to account for monies expended to maintain and operate an emergency response system. Monies are received from the Ameritech Phone Company which levies a surcharge on all phone users within the community.

Drug Enforcement Fund – To account for officer training and purchase of equipment in the narcotics enforcement division. Activities are financed by monies and assets confiscated by the drug enforcement division.

Parkway Beautification Fund - To account for monies provided by donors to finance parkway beautification activities. This fund was reclassified to special revenue fund type at July 1, 2002.

Cable Franchise Fund – Established to invest the proceeds from the sale of the City's interest in a cable company's earnings used for capital improvements. This fund was reclassified to special revenue fund type at July 1, 2002.

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2005

	Major Street Fund	Local Street Fund	Ambulance Fund	Act 302 Training Fund	Solid Waste Fund	Grants Fund
Assets						
Cash and cash equivalents	\$ 546,981	\$ 53,468	\$ 431,799	\$ 4,689	\$ 239,945	\$ 4,778
Due from other funds	-	350,000	-	-	90,040	-
Accounts receivable	52,720	20,617	914	-	30,690	23,541
Total assets	<u>\$ 599,701</u>	<u>\$ 424,085</u>	<u>\$ 432,713</u>	<u>\$ 4,689</u>	<u>\$ 360,675</u>	<u>\$ 28,319</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 46,149	\$ 347,785	\$ 3,842	\$ -	\$ 87,935	\$ -
Due to other funds	28,173	55,007	4,167	-	3,000	26,541
Total liabilities	<u>74,322</u>	<u>402,792</u>	<u>8,009</u>	<u>-</u>	<u>90,935</u>	<u>26,541</u>
Fund balances						
Reserved for community programs	-	-	-	-	-	-
Unreserved, designated for subsequent years programs	<u>525,379</u>	<u>21,293</u>	<u>424,704</u>	<u>4,689</u>	<u>269,740</u>	<u>1,778</u>
Total fund balances	<u>525,379</u>	<u>21,293</u>	<u>424,704</u>	<u>4,689</u>	<u>269,740</u>	<u>1,778</u>
Total liabilities and fund balances	<u>\$ 599,701</u>	<u>\$ 424,085</u>	<u>\$ 432,713</u>	<u>\$ 4,689</u>	<u>\$ 360,675</u>	<u>\$ 28,319</u>

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2005

	911 Emergency Service Fund	Drug Enforcement Fund	Parkway Beautification Fund	Cable Franchise Fund	Totals
Assets					
Cash and cash equivalents	\$ 66,220	\$ 4,228	\$ 173,225	\$ 2,754,140	\$ 4,279,473
Due from other funds	-	-	-	-	440,040
Accounts receivable	-	-	-	31,057	159,539
Total assets	<u>\$ 66,220</u>	<u>\$ 4,228</u>	<u>\$ 173,225</u>	<u>\$ 2,785,197</u>	<u>\$ 4,879,052</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 104	\$ -	\$ 4,492	\$ -	\$ 490,307
Due to other funds	916	-	-	350,000	467,804
Total liabilities	<u>1,020</u>	<u>-</u>	<u>4,492</u>	<u>350,000</u>	<u>958,111</u>
Fund balances					
Reserved for community programs	-	-	168,733	2,435,197	2,603,930
Unreserved, designated for subsequent years programs	65,200	4,228	-	-	1,317,011
Total fund balances	<u>65,200</u>	<u>4,228</u>	<u>168,733</u>	<u>2,435,197</u>	<u>3,920,941</u>
Total liabilities and fund balances	<u>\$ 66,220</u>	<u>\$ 4,228</u>	<u>\$ 173,225</u>	<u>\$ 2,785,197</u>	<u>\$ 4,879,052</u>

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	Major Street Fund			Local Street Fund			Ambulance Fund		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues									
Property taxes	\$ 650,000	\$ 665,440	\$ 15,440	\$ -	\$ 273,506	\$ 5,506	\$ -	\$ -	\$ -
State-shared taxes	-	-	-	-	-	-	-	-	-
Federal financial assistance	-	-	-	-	-	-	-	-	-
Other revenues	33,000	33,258	258	124,000	107,894	(16,106)	30,000	34,638	4,638
Total revenues	683,000	698,698	15,698	392,000	381,400	(10,600)	30,000	34,638	4,638
Expenditures									
Ambulance services	-	-	-	-	-	-	221,000	237,524	16,524
Public safety training	-	-	-	-	-	-	5,000	3,811	(1,189)
Street maintenance	1,069,000	871,666	(197,334)	1,459,000	2,225,194	766,194	-	20,507	20,507
Winter maintenance	20,000	23,173	3,173	34,000	23,173	(10,827)	-	-	-
Administration and maintenance	301,000	293,986	(7,014)	395,000	361,100	(33,900)	116,000	129,287	13,287
Solid waste/recycling services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	17,000	16,000	(1,000)
Contractual services	-	-	-	-	-	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	-	-	-	-	-	-	-	-	-
Total expenditures	10,000	10,000	-	12,000	12,000	-	42,000	44,335	2,335
Revenues over (under) expenditures	1,400,000	1,198,825	(201,175)	1,900,000	2,621,467	721,467	401,000	451,464	50,464
Other financing sources (uses)									
Operating transfers in	(717,000)	(500,127)	216,873	(1,508,000)	(2,240,067)	(732,067)	(371,000)	(416,826)	(45,826)
Operating transfers out	606,000	606,000	-	1,208,000	1,558,000	350,000	380,000	342,504	(37,496)
Total revenues and other financing sources (uses)	606,000	606,000	-	1,208,000	1,558,000	350,000	380,000	342,504	(37,496)
Revenues and other financing sources over (under) expenditures	(111,000)	105,873	216,873	(300,000)	(682,067)	(382,067)	9,000	(74,322)	(83,322)
Fund balances									
Beginning of year	-	419,506	419,506	-	703,361	703,361	-	499,026	499,026
End of year	\$ (111,000)	\$ 525,379	\$ 636,379	\$ (300,000)	\$ 21,294	\$ 321,294	\$ 9,000	\$ 424,704	\$ 415,704

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	Act 302 Training Fund			Solid Waste			Grant Fund		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues									
Property taxes	\$ 8,500	\$ 4,323	\$ (4,177)	\$ 1,503,000	\$ 1,400,672	\$ (102,328)	\$ -	\$ -	\$ -
State-shared taxes	-	-	-	-	-	-	-	-	-
Federal financial assistance	-	-	-	-	-	-	-	81,447	81,447
Other revenues	500	1,353	853	2,000	1,611	(389)	-	(1,578)	(1,578)
Total revenues	9,000	5,676	(3,324)	1,505,000	1,402,283	(102,717)	-	79,869	79,869
Expenditures									
Ambulance services	-	-	-	-	-	-	-	-	-
Public safety training	10,000	5,813	(4,187)	-	-	-	-	-	-
Street maintenance	-	-	-	-	-	-	-	-	-
Winter maintenance	-	-	-	-	-	-	-	-	-
Administration and maintenance	-	-	-	-	-	-	-	-	-
Solid waste/recycling services	-	-	-	1,410,000	1,460,884	50,884	-	-	-
Other	-	-	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	-	-	-	-	-	-	-	81,447	81,447
Total expenditures	10,000	5,813	(4,187)	1,525,000	1,575,884	50,884	-	81,447	81,447
Revenues over (under) expenditures	(1,000)	(137)	863	(20,000)	(173,601)	(153,601)	-	(1,578)	(1,578)
Other financing sources (uses)									
Operating transfers in	1,000	1,000	-	-	-	-	-	-	-
Operating transfers out	-	-	-	(75,000)	(75,000)	-	-	-	-
Total revenues and other financing sources (uses)	1,000	1,000	-	(75,000)	(75,000)	-	-	-	-
Revenues and other financing sources over (under) expenditures	-	863	863	(95,000)	(248,601)	(153,601)	-	(1,578)	(1,578)
Fund balances									
Beginning of year	(6,189)	3,826	10,015	389,204	518,342	129,138	1,406	3,356	1,950
End of year	\$ (6,189)	\$ 4,689	\$ 10,878	\$ 294,204	\$ 269,741	\$ (24,463)	\$ 1,406	\$ 1,778	\$ 372

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	911 Emergency Service			Drug Enforcement		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared taxes	-	-	-	-	-	-
Federal financial assistance	-	-	-	-	-	-
Other revenues	72,000	99,460	27,460	2,000	1,267	(733)
	<u>72,000</u>	<u>99,460</u>	<u>27,460</u>	<u>2,000</u>	<u>1,267</u>	<u>(733)</u>
Total revenues						
Expenditures						
Ambulance services	-	-	-	-	-	(1,000)
Public safety training	-	-	-	1,000	-	-
Street maintenance	-	-	-	-	-	-
Winter maintenance	-	-	-	-	-	-
Administration and maintenance	-	-	-	-	-	-
Solid waste/recycling services	-	-	-	-	-	-
Other	64,500	61,430	(3,070)	-	-	-
Contractual services	-	-	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	7,500	7,500	-	-	-	-
	<u>72,000</u>	<u>68,930</u>	<u>(3,070)</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total expenditures	-	30,530	30,530	1,000	1,267	267
Revenues over (under) expenditures						
Other financing sources (uses)						
Operating transfers in	-	-	-	-	(1,000)	-
Operating transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Total revenues and other financing sources (uses)						
Revenues and other financing sources over (under) expenditures	-	30,530	30,530	-	267	267
Fund balances						
Beginning of year	53,505	34,670	(18,835)	4,198	3,961	(237)
End of year	<u>\$ 53,505</u>	<u>\$ 65,200</u>	<u>\$ 11,695</u>	<u>\$ 4,198</u>	<u>\$ 4,228</u>	<u>\$ 30</u>

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	Total Budgeted Special Revenue Funds		Funds Not Annually Budgeted		Totals
	Budget	Actual	Parkway Beautification Fund	Cable Franchise Fund	
Revenues					
Property taxes	\$ 1,511,500	\$ 1,404,995	\$ -	\$ -	\$ 1,404,995
State-shared taxes	918,000	938,946	-	-	938,946
Federal financial assistance	-	81,447	-	-	81,447
Donations	-	-	139,312	-	139,312
Expenditures	-	-	-	-	-
Other revenues	263,500	277,903	-	-	411,780
	<u>2,693,000</u>	<u>2,703,291</u>	<u>139,302</u>	<u>133,887</u>	<u>2,976,480</u>
Expenditures					
Ambulance services	221,000	237,524	-	-	237,524
Public safety training	16,000	9,624	-	-	9,624
Street maintenance	2,528,000	3,117,367	-	-	3,117,367
Winter maintenance	54,000	46,346	-	-	46,346
Administration and maintenance	812,000	784,373	-	-	784,373
Solid waste/recycling services	1,410,000	1,460,884	-	-	1,460,884
Other	81,500	77,430	108,359	-	185,789
Contractual services	-	81,447	-	3,600	85,047
Charges from Internal Service Funds for use of equipment and supplies	186,500	188,835	-	-	188,835
	<u>5,309,000</u>	<u>6,003,830</u>	<u>108,359</u>	<u>3,600</u>	<u>6,115,789</u>
Total expenditures	(2,616,000)	(3,300,539)	30,943	130,287	(3,139,309)
Revenues over (under) expenditures					
Other financing sources (uses)					
Operating transfers in	2,195,000	2,507,504	-	80,000	2,587,504
Operating transfers out	(76,000)	(76,000)	-	(480,000)	(556,000)
	<u>2,119,000</u>	<u>2,431,504</u>	<u>-</u>	<u>(400,000)</u>	<u>2,031,504</u>
Total revenues and other financing sources (uses)	(497,000)	(869,035)	30,943	(269,713)	(1,107,805)
Revenues and other financing sources over (under) expenditures					
Fund balances					
Beginning of year	397,223	2,186,048	137,790	2,704,910	5,028,748
End of year	\$ (99,777)	\$ 1,317,013	\$ 168,733	\$ 2,435,197	\$ 3,920,943

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
D – DEBT SERVICE FUNDS**

City of Grosse Pointe Woods, Michigan

Debt Service Funds

Major Debt Service Fund

Grosse Gratiot Drain - To accumulate resources for payment of the Grosse Gratiot Drain improvements financed by issuance of debt.

Non Major Debt Service Fund

2000 Recreation Installment Note Fund – To record monies received for the payment of a four (4) year installment note. Note proceeds were utilized to purchase recreation equipment throughout the City's parks and grounds.

1997 City Recreation Bond Issue - To accumulate resources for payment of the \$3,900,000, 3.7 to 5.0% Park(s) Improvement General Obligation bonds. Issued as serial bonds they are payable in annual installment ranging from \$20,000 to \$465,000, plus interest until maturity in fiscal year 2010. A property tax is levied to finance the debt service.

2004 Park Refunding Bond – To account for monies below to refund the existing 1997 Recreation Bond in October 2004.

City of Grosse Pointe Woods, Michigan
Major Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	Major Fund Grosse Pointe Woods Debt Service Fund		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Interest income	\$ -	\$ -	\$ -
Property taxes	3,025,000	3,042,249	17,249
Other revenues	25,000	2,215	(22,785)
Total revenues	3,050,000	3,044,464	(5,536)
Expenditures			
Bond and debt retirements	-	-	-
Interest and paying agent fees	250,000	245,424	(4,576)
Drain assessment	930,000	934,697	4,697
Contractual services	37,000	36,000	(1,000)
Internal service charges	8,000	8,000	-
Debt service principal	975,000	974,047	(953)
Total expenditures	2,200,000	2,198,168	(1,832)
Revenues under expenditures	850,000	846,296	(3,704)
Other financing sources (uses)			
Bond proceeds	-	-	-
Transfers out	(850,000)	(850,000)	-
Transfers in	-	-	-
Total revenues and other financing sources (uses)	(850,000)	(850,000)	-
Revenues and other financing sources over (under) expenditures	-	(3,704)	(3,704)
Fund balances			
Beginning of year	1,513,557	1,513,557	-
End of year	\$ 1,513,557	\$ 1,509,853	\$ (3,704)

City of Grosse Pointe Woods, Michigan
Non-Major Debt Service Funds
Combining Balance Sheet
June 30, 2005

	2000 Recreation Installment Note Fund	2005 Park Refunding Bond	Totals
Assets			
Cash and cash equivalents	<u>-</u>	<u>\$ 15</u>	<u>\$ 15</u>
Fund balances			
Reserve for debt service	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</u>

City of Grosse Pointe Woods, Michigan
Non-Major Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	2000 Recreation			2005 Park			Refunding Bond (Nonmajor)			Totals		
	Installment Note (Nonmajor Fund)											
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues												
Interest income	\$ -	\$ 47	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47	\$ 47
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	47	47	-	-	-	-	-	-	-	47	47
Expenditures												
Bond and debt retirements	55,500	55,426	(74)	355,000	355,000	-	410,500	410,426	(74)	410,500	410,426	(74)
Interest and paying agent fees	1,500	1,385	(115)	61,482	61,482	(48,518)	111,500	62,867	(48,633)	111,500	62,867	(48,633)
Drain assessment	-	-	-	-	-	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-	-	-	-	-	-
Internal service charges	-	-	-	-	-	-	-	-	-	-	-	-
Debt service principal	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	57,000	56,811	(189)	465,000	416,482	(48,518)	522,000	473,293	(48,707)	522,000	473,293	(48,707)
Revenues under expenditures	(57,000)	(56,764)	236	(465,000)	(416,482)	48,518	(522,000)	(473,246)	48,754	(522,000)	(473,246)	48,754
Other financing sources (uses)												
Bond proceeds	-	-	-	-	(2,175,000)	(2,175,000)	-	(2,175,000)	(2,175,000)	-	(2,175,000)	(2,175,000)
Transfers out	-	(9,961)	(9,961)	-	-	-	-	(9,961)	(9,961)	-	(9,961)	(9,961)
Transfers in	57,000	57,000	-	465,000	416,475	(48,525)	522,000	473,475	(48,525)	522,000	473,475	(48,525)
Total revenues and other financing sources (uses)	57,000	47,039	(9,961)	465,000	(1,758,525)	(2,223,525)	522,000	(1,711,486)	(2,233,486)	522,000	(1,711,486)	(2,233,486)
Revenues and other financing sources over (under) expenditures	-	(9,725)	(9,725)	-	(2,175,007)	(2,175,007)	-	(2,184,732)	(2,184,732)	-	(2,184,732)	(2,184,732)
Fund balances												
Beginning of year	-	9,725	9,725	-	2,175,022	2,175,022	-	2,184,747	2,184,747	-	2,184,747	2,184,747
End of year	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 15	\$ -	\$ 15	\$ 15	\$ -	\$ 15	\$ 15

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
E – NON-MAJOR CAPITAL PROJECTS FUNDS**

City of Grosse Pointe Woods, Michigan
Non-Major Capital Projects Funds

Municipal Improvement Fund – To account for the financing and construction of various municipal improvements. Financing is provided by installment notes, and/or transfers from other funds.

City of Grosse Pointe Woods, Michigan
Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2005

	Municipal Improvement Fund
Assets	
Cash and cash equivalents	<u>\$ 140,345</u>
Liabilities and Equity	
Liabilities	
Accounts payable	<u>\$ 2,270</u>
Total liabilities	<u>2,270</u>
Fund balances	
Fund balances, reserved for capital programs	<u>138,075</u>
Total liabilities and fund balance	<u>\$ 140,345</u>

City of Grosse Pointe Woods, Michigan
Non-Major Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2005

	Municipal Improvement Fund		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Interest income	\$ 3,000	\$ 5,101	\$ 2,101
Other revenues	45,000	40,879	(4,121)
Total revenues	48,000	45,980	(2,020)
Expenditures, municipal improvements	351,000	283,238	(67,762)
Revenues under expenditures	(303,000)	(237,258)	65,742
Other financing sources			
Operating transfers in	246,000	246,000	-
Operating transfers out	(100,000)	(100,000)	-
Total other financing sources (uses)	146,000	146,000	-
Revenues and other financing sources over (under) expenditures	(157,000)	(91,258)	65,742
Fund balances			
Beginning of year	229,333	229,333	-
End of year	\$ 72,333	\$ 138,075	\$ 65,742

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
F – NON-MAJOR ENTERPRISE FUNDS**

City of Grosse Pointe Woods, Michigan

Non-Major Enterprise Funds

Parking Meter Utility Fund - To account for the City's parking meters and costs associated with maintaining the meters. Funding is provided for through parking meter fees and violation fines.

Boat Dock Rental Fund - To account for boat dock rental units that are available to the citizens of Grosse Pointe Woods on an annual basis. Boat launch ramps and other water craft maintenance services are also available.

Commodity Sales Fund - To record the purchases and sale of rubbish bags and other miscellaneous items that the municipality holds for resale.

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds
Combining Balance Sheet
June 30, 2005

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Totals
Assets				
Cash and cash equivalents	\$ 47,389	\$ 89,894	\$ 123,090	\$ 260,373
Accrued interest receivable	-	-	-	-
Prepaid expenses	-	-	37,627	37,627
Total current assets	47,389	89,894	160,717	298,000
Fixed assets, at cost	1,130,966	403,624	-	1,534,590
Less: Accumulated depreciation	(750,004)	(306,486)	-	(1,056,490)
	380,962	97,138	-	478,100
Total assets	<u>\$ 428,351</u>	<u>\$ 187,032</u>	<u>\$ 160,717</u>	<u>\$ 776,100</u>
Liabilities and Equity				
Accounts payable	\$ 880	\$ 407	\$ 17,640	\$ 18,927
Due to other funds	1,083	417	-	1,500
Total current liabilities	1,963	824	17,640	20,427
Net assets				
Investment in capital assets	380,962	97,138	-	478,100
Unrestricted	45,426	89,070	143,077	277,573
Total net assets	<u>\$ 426,388</u>	<u>\$ 186,208</u>	<u>\$ 143,077</u>	<u>\$ 755,673</u>

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2005

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Totals
Operating revenues				
Parking meters	\$ 160,788	\$ -	\$ -	\$ 160,788
Park violations	113,077	-	-	113,077
Dockings and launching fees	-	171,859	-	171,859
Commodity sales	-	-	81,683	81,683
Other income	75,000	(2,238)	-	72,762
Total operating revenues	<u>348,865</u>	<u>169,621</u>	<u>81,683</u>	<u>600,169</u>
Operating expenses				
Operation and maintenance	174,081	219,176	74,762	468,019
Administration	76,860	-	-	76,860
Depreciation	37,219	5,670	-	42,889
Charges for Internal Service Fund for use of equipment and supplies	-	-	-	-
Payment in lieu of taxes	62,500	11,000	10,000	83,500
	25,000	-	-	25,000
Total operating expenses	<u>375,660</u>	<u>235,846</u>	<u>84,762</u>	<u>696,268</u>
Operating income (loss)	<u>(26,795)</u>	<u>(66,225)</u>	<u>(3,079)</u>	<u>(96,099)</u>
Nonoperating revenues				
Investment income	928	3,332	2,158	6,418
Transfers out	-	-	(16,000)	(16,000)
Net loss	<u>(25,867)</u>	<u>(62,893)</u>	<u>(16,921)</u>	<u>(105,681)</u>
Net assets				
Beginning of year	452,255	249,101	159,998	861,354
End of year	<u>\$ 426,388</u>	<u>\$ 186,208</u>	<u>\$ 143,077</u>	<u>\$ 755,673</u>

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2005

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Totals
Cash flows used in operating activities				
Cash received from customers	\$ 348,865	\$ 169,621	\$ 83,662	\$ 602,148
Cash payment to suppliers	(113,767)	(57,652)	(77,122)	(248,541)
Cash payments to employees	(223,578)	(171,314)	-	(394,892)
Net cash used in operating activities	11,520	(59,345)	6,540	(41,285)
Cash flows from capital financing activities and related financing activities				
Acquisition and construction of capital assets	-	(12,743)	-	(12,743)
Transfers out	-	-	(16,000)	(16,000)
Net cash used in capital financing activities and related financing activities	-	(12,743)	(16,000)	(28,743)
Cash flows provided by investing activities				
Interest and dividends on investments	928	3,332	2,158	6,418
Net decrease in cash and cash equivalents	12,448	(68,756)	(7,302)	(63,610)
Cash and cash equivalents				
Beginning of year	34,941	158,650	130,392	323,983
End of year	\$ 47,389	\$ 89,894	\$ 123,090	\$ 260,373
Operating income (loss)	\$ (26,795)	\$ (66,225)	\$ (3,079)	\$ (96,099)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	37,219	5,670	-	42,889
Changes in				
Accounts receivable	-	1,815	1,979	3,794
Accounts payable	13	(605)	17,640	17,048
Due to other funds	1,083	-	(10,000)	(8,917)
Deferred revenues	-	-	-	-
Total adjustments	38,315	6,880	9,619	54,814
Net cash used in operating activities	11,520	(59,345)	6,540	(41,285)

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
G –INTERNAL SERVICE FUNDS**

City of Grosse Pointe Woods, Michigan

Internal Service Funds

Motor Vehicle Fund - To account for vehicles owned and operated by the City and for the costs of maintaining the vehicles. All departments using city-owned vehicles are billed for costs incurred. Actual costs of this fund include depreciation, improvements and purchases of new vehicles, as well as building and equipment costs related to vehicle maintenance and improvements.

Building Authority Fund - Accounts for capital expenditures and the payment of principal and interest in relation to a 1993 Revenue Bond issue to finance construction of City-wide parking facilities.

Workers Compensation Fund - A fund created to identify all costs associated in operating a self insured workmen's compensation fund. Funds are accumulated via transfers from other governmental and proprietary fund types and interest made on surplus earnings.

Management Information Systems Fund - A fund to account for the maintenance and operation of the City computer and communication network system. Funds are accumulated via transfers from other fund users.

City of Grosse Pointe Woods, Michigan
Internal Service Funds
Combining Balance Sheet
June 30, 2005

	Motor Vehicle Fund	Building Authority Fund	Workers Compensation Fund	Management Information System	Totals
Assets					
Cash and cash equivalents	\$ 444,386	\$ 122	\$ 670,737	\$ 115,650	\$ 1,230,895
Due from other funds	-	-	103,730	-	103,730
Accrued interest receivable	3,647	-	4,722	-	8,369
Total current assets	448,033	122	779,189	115,650	1,342,994
Capital assets	3,766,628	-	-	148,368	3,914,996
Less: Accumulated depreciation	(2,399,911)	-	-	(107,332)	(2,507,243)
Total noncurrent assets	1,366,717	-	-	41,036	1,407,753
Total assets	\$ 1,814,750	\$ 122	\$ 779,189	\$ 156,686	\$ 2,750,747
Liabilities and Equity					
Liabilities					
Accounts payable	\$ 12,762	\$ -	\$ 22,314	\$ 1,148	\$ 36,224
Claims reserve	-	-	100,000	-	100,000
Due to other funds	2,083	45,500	46,500	833	94,916
Accrued wages	3,291	-	-	-	3,291
Bonds payable current portion	-	-	-	-	-
Total liabilities	18,136	45,500	168,814	1,981	234,431
Net assets (deficit)	(155,974)	-	(114,578)	34,944	(235,608)
Investment in capital assets	1,952,588	(45,378)	724,953	119,761	2,751,924
Unrestricted	\$ 1,796,614	\$ (45,378)	\$ 610,375	\$ 154,705	\$ 2,516,316
Total net assets (deficit)					

City of Grosse Pointe Woods, Michigan
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2005

	Motor Vehicle Fund	Building Authority Fund	Workers Compensation Fund	Management Information System	Totals
Revenues, billings to other funds	\$ 665,000	\$ -	\$ 680,609	\$ 315,000	\$ 1,660,609
Other income	-	45,500	-	65	45,565
Total operating revenue	665,000	45,500	680,609	315,065	1,706,174
Operating expense					
Vehicle operation and maintenance	429,816	-	-	-	429,816
Administration	88,018	-	809,288	291,088	1,188,394
Depreciation	301,587	-	-	14,625	316,212
Insurance expense	5,000	-	-	-	5,000
Charges to Internal Service Fund	16,000	-	10,000	-	26,000
Total operating expenses	840,421	-	819,288	305,713	1,965,422
Operating income (loss)	(175,421)	45,500	(138,679)	9,352	(259,248)
Nonoperating revenue (expense)					
Gain (loss) from sale/disposal of fixed assets	14,924	-	-	-	14,924
Interest income	4,522	5	24,101	1,020	29,648
Interest expense	-	(1,525)	-	-	(1,525)
Total nonoperating revenues (expenses)	19,446	(1,520)	24,101	1,020	43,047
Net income (loss)	(155,975)	43,980	(114,578)	10,372	(216,201)
Net assets (deficit)					
Beginning of year	1,952,589	(89,358)	724,953	144,333	2,732,517
End of year	\$ 1,796,614	\$ (45,378)	\$ 610,375	\$ 154,705	\$ 2,516,316

City of Grosse Pointe Woods, Michigan
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2005

	Motor Vehicle Fund	Building Authority Fund	Workers Compensation Fund	Management Information System	Totals
Cash flows used in operating activities					
Cash received from customers	\$ 2,571	\$ -	\$ 925	\$ 65	\$ 3,561
Cash received from interfund services/loans	665,000	45,500	680,609	390,000	1,781,109
Cash payments/loans	(526,734)	(4,500)	(858,013)	(291,128)	(1,680,375)
Cash payments to suppliers	-	-	-	-	-
Net cash provided by (used in) operating activities	140,837	41,000	(176,479)	98,937	104,295
Cash flows from capital financing activities and related financing activities					
Acquisition and construction of capital assets	(261,933)	-	-	(8,800)	(270,733)
Proceeds from the sale of fixed assets	14,924	-	-	-	14,924
Interest paid on revenue bond maturities	-	(1,525)	-	-	(1,525)
Principal paid on installment loans	-	(45,000)	-	-	(45,000)
Net cash used for capital and related financing activities	(247,009)	(46,525)	-	(8,800)	(302,334)
Cash flows provided by investing activities					
Interest and dividends on investments	4,522	5	24,101	1,019	29,647
Net increase (decrease) in cash and cash equivalents	(101,650)	(5,520)	(152,378)	91,156	(168,392)
Cash and cash equivalents					
Beginning of year	546,036	5,642	823,115	24,494	1,399,287
End of year	\$ 444,386	\$ 122	\$ 670,737	\$ 115,650	\$ 1,230,895
Operating income (loss)	\$ (175,421)	\$ 45,500	\$ (138,679)	\$ 9,351	\$ (259,249)
Adjustments to reconcile operating income to (loss) net cash provided by operating activities					
Depreciation	301,587	-	-	14,625	316,212
Changes in					
Account receivables	2,572	-	926	75,000	78,498
Accrued wages	-	-	-	-	-
Accounts payable	11,954	-	18,504	(624)	29,834
Due to other funds	145	(4,500)	(57,230)	585	(61,000)
Total adjustments	316,258	(4,500)	(37,800)	89,586	363,544
Net cash provided by (used in) operating activities	140,837	41,000	(176,479)	98,937	104,295

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
H – PENSION AND AGENCY FUNDS
(and other Postemployment Benefit)
TRUST FUNDS AND AGENCY FUNDS**

City of Grosse Pointe Woods, Michigan
Combining Schedule of Fiduciary Net Assets
Pension Trust Funds
June 30, 2005

	Pension Fund	Supplementary Annuity Fund	Retiree Health Care	Totals June 30, 2005
Assets				
Cash and cash equivalents	\$ 1,734,320	\$ -	\$ 7,396	\$ 1,741,716
Due from other funds	127,667	-	-	127,667
Investments, at fair value				
U.S. government obligations	7,509,809	618,783	140,572	8,269,164
Corporate bonds	1,901,076	-	-	1,901,076
Stocks	20,769,671	-	-	20,769,671
Accrued interest receivable	80,331	-	494	80,825
Total assets	<u>\$ 32,122,874</u>	<u>\$ 618,783</u>	<u>\$ 148,462</u>	<u>\$ 32,890,119</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 257,269	\$ -	\$ -	257,269
Due to other funds	200,329	-	-	200,329
Total liabilities	<u>457,598</u>	<u>-</u>	<u>-</u>	<u>457,598</u>
Net assets held in trust for pension benefits	31,665,276	-	148,462	31,813,738
Reserved for supplemental annuity	-	618,783	-	618,783
Total net assets	<u>31,665,276</u>	<u>618,783</u>	<u>148,462</u>	<u>32,432,521</u>
Total liabilities and net assets	<u>\$ 32,122,874</u>	<u>\$ 618,783</u>	<u>\$ 148,462</u>	<u>\$ 32,890,119</u>

City of Grosse Pointe Woods, Michigan
Pension (and Other Postemployment Benefit) Trust Funds
Combining Statement of Changes in Net Assets
Year Ended June 30, 2005

	Pension Fund	Supplementary Annuity Fund	Retiree Health Care	Totals
Additions				
Investment income (loss)				
Net appreciation (depreciation) in fair value of investments	\$ 1,600,803	\$ -	\$ (2,094)	\$ 1,598,709
Interest and dividends	-	5,911	556	6,467
Total investment income (loss)	1,600,803	5,911	(1,538)	1,605,176
Contributions				
Employer	1,106,564	250,000	150,000	1,506,564
Employee	218,497	-	-	218,497
Total additions	2,925,864	255,911	148,462	3,330,237
Deductions				
Employee refunds	40,578	-	-	40,578
Pension payments	1,781,255	204,025	-	1,985,280
Health care benefit payments	997,699	24,148	-	1,021,847
Commission expense	4,981	-	-	4,981
Administrative fee	274,296	-	-	274,296
Total deductions	3,098,809	228,173	-	3,326,982
Net increase (decrease)	(172,945)	27,738	148,462	3,255
Net assets held in trust for pension benefits				
Beginning of year	31,838,221	591,045	-	32,429,266
End of year	\$ 31,665,276	\$ 618,783	\$ 148,462	\$ 32,432,521

City of Grosse Pointe Woods, Michigan
Agency Funds
Combining Balance Sheet
June 30, 2005

	Wayne County Tax Fund	Cash Bond Escrow Fund	Totals June 30, 2005 Actual
Assets			
Cash and cash equivalents	\$ 1,740	\$ 13,113	\$ 14,853
Total assets	<u>\$ 1,740</u>	<u>\$ 13,113</u>	<u>\$ 14,853</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	1,740	-	1,740
Court bonds payable	-	13,113	13,113
Total liabilities	<u>\$ 1,740</u>	<u>\$ 13,113</u>	<u>\$ 14,853</u>

City of Grosse Pointe Woods, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds – Agency Funds
Year Ended June 30, 2005

	Balance July , 2004	Additions	Deductions	Balance June 30, 2005
Total - All Agency Funds				
Assets				
Cash and investments	<u>\$ 10,538</u>	<u>\$ 27,151,057</u>	<u>\$ 27,146,742</u>	<u>\$ 14,853</u>
Liabilities				
Accounts payable	<u>\$ 10,538</u>	<u>\$ 27,151,057</u>	<u>\$ 27,146,742</u>	<u>\$ 14,853</u>

CITY OF GROSSE POINTE WOODS, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2005

**SECTION III – STATISTICAL SECTION (UNAUDITED)
(CONTINUAL DISCLOSURE UNDERTAKING)**

In accordance with the rules of the United States Securities and Exchange Commission Continual Disclosure Undertaking is executed and presented by the City of Grosse Pointe Woods, County of Wayne, State of Michigan, in connection with the issuance of the 1997 General Obligation Unlimited Tax Park Bonds issued by the City March 1, 1997 and refunded October, 2004 and with its 1993 and 2003 Water/Sewer Revenue Bond. It is the responsibility of the City Comptroller to ensure that the City of Grosse Pointe Woods remains in strict compliance with the Disclosure Undertakings.

The City, in accordance with Rule 15c 2-12 promulgated by the S.E.C. pursuant to the Securities and Exchange Act of 1934, must provide to each member of the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and to the State Information Depository ("SID") for the State of Michigan on or before the last day of the sixth month after the end of the City's fiscal year, certain financial and operating data commencing with the fiscal year ended June 30, 2005.

It is the City's belief that the detailed financial information and shown in its annual report provides to its bond holders the necessary information needed to assess and evaluate the financial condition of the City and its ability to meet its fiscal obligations.

City of Grosse Pointe Woods, Michigan
Assessed Valuation History
June 30, 2005
(unaudited)

Fiscal Year Ended June 30	Real Property Taxable Valuation	Personal Property Taxable Valuation	Total Local Taxable Valuation	Total State Equalized Valuation
1995	543,130,350	10,066,040	553,196,390	553,196,390
1996	552,311,920	10,931,410	563,243,330	568,879,440
1997	560,229,860	11,380,860	571,610,720	579,620,260
1998	577,743,030	12,174,960	589,917,990	606,775,600
1999	597,907,410	12,392,215	610,299,625	652,785,105
2000	617,227,380	13,159,500	630,386,880	713,845,380
2001	639,250,690	13,525,090	652,775,780	793,816,390
2002	672,987,750	15,465,720	688,453,470	896,356,880
2003	708,543,669	15,026,910	723,570,579	955,287,190
2004	732,819,820	14,499,672	747,319,492	974,814,898
2005	761,202,050	17,722,500	778,924,550	1,003,751,300

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan Tax Rate and Tax Levy History June 30, 2005 (unaudited)

Fiscal Year Ended June 30	City	Schools	Special Education	County	H.C.M.A.	Community College	Milk River Drain	Total
	TAX RATES (per \$1,000 State Equalized Valuation)							
1995	11.82	14.57 (1)	2.00	7.68	.22	1.27	4.57	42.13
1996	11.79	13.36 (1)	2.00	8.01	.22	1.20	4.57	41.15
1997	12.29	14.16 (1)	2.00	8.26	.22	1.20	4.94	43.07
1998	12.59 (3)	15.06 (1)	2.00	8.26	.22	1.20	4.81	44.14
1999	13.19	15.09 (1)	2.00	8.26	.22	1.15	4.38	44.29
2000	13.03	31.73	1.99	8.24	.22	1.02	3.78	60.01
2001	13.03	32.75	1.98	8.18	.22	1.00	3.51	60.67
2002	13.03	14.77	1.98	8.19	.22	2.50	3.46	44.15
2003	13.03	15.34	3.46	8.42	.22	2.49	3.51	46.47
2004	13.03 (3)	16.13	3.46	8.42	.22	2.49	3.54	47.29
2005	12.99	16.74	3.46	8.42	.22	2.48	3.57	47.88
ADJUSTED TAX LEVIES								
1995	6,541,336	8,700,937 (2)	1,104,818	4,248,109	123,698	704,680	2,528,088	23,951,666
1996	6,640,639	9,329,427 (2)	1,126,427	4,511,549	125,941	715,319	2,574,022	25,023,324
1997	7,027,382	9,433,952 (2)	1,141,564	4,551,165	127,812	587,019	2,751,963	25,620,857
1998	7,424,807 (3)	9,614,104 (2)	1,178,048	4,871,818	131,897	702,723	2,839,916	26,763,313
1999	8,052,476	9,927,156	1,218,830	5,040,465	136,402	701,173	2,670,061	27,746,563
2000	8,217,125	10,185,251 (2)	1,255,352	5,191,488	139,820	642,364	2,382,799	28,014,199
2001	8,507,457	10,578,089 (2)	1,291,742	5,341,975	143,705	652,776	2,291,169	28,806,913
2002	8,967,268	11,027,981	1,359,865	5,625,827	150,459	1,720,753	2,381,982	31,234,135
2003	9,424,688	12,020,205	2,506,629	6,093,776	156,979	1,798,905	2,539,697	34,540,879
2004	9,733,992	11,851,078	2,588,902	6,292,284	161,959	1,857,949	2,645,476	35,131,640
2005	10,118,230	12,398,764	26,695,079	6,558,545	167,744	1,935,123	2,621,822	60,495,307

Note: All tax rates are expressed in dollars per \$1,000 of taxable valuation. City tax rate limit is set by City Charter, Section 9.1, at \$20 per \$1,000 of taxable value. However, Headlee Act of 1978 has reduced the 20 mills to 14.2040 mills in 2005.

(1) This tax rate is for those people who claim a homestead exemption within the City of Grosse Pointe Woods. Non-Residents pay a different millage rate in compliance with Public Act 415 - 1994 (Proposal A).

(2) This total includes all amounts collected regardless of where an individual claims their homestead to be. (Footnote #1)

(3) City rate includes general operating, rubbish collection and sanitary overflow levies.

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
City Tax Collection History
June 30, 2005
(unaudited)

Fiscal Year Ended June 30	Property Tax Levy	Current Tax Collections	Percent Collected Current	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Levy
1995	6,541,336	6,415,532	98.08	96,291	6,511,823	99.55
1996	6,640,639	6,523,773	98.24	111,020	6,634,793	99.91
1997	7,027,382	6,908,218	98.30	102,843	7,011,061	99.77
1998	7,424,807	7,292,133	98.21	111,221	7,403,354	99.71
1999	8,052,476	7,916,991	98.32	121,774	8,038,765	99.83
2000	8,217,125	8,110,399	98.70	119,738	8,230,137	100.16
2001	8,507,457	8,382,986	98.54	106,726	8,489,712	99.79
2002	8,967,268	8,811,241	98.26	124,227	8,935,468	99.65
2003	9,424,688	9,271,188	98.37	141,892	9,413,080	99.88
2004	9,733,992	9,577,119	98.39	153,500	9,730,619	99.97
2005	10,118,230	9,911,018	97.95	176,879	10,087,891	99.70

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
Grosse-Gratiot Drain Tax Collection History
June 30, 2005
(unaudited)

Fiscal Year Ended June 30	Drain Tax Levy	Current Tax Collections	Percent Collected Current	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Levy
1995	2,528,065	2,455,051	97.11	72,368	2,527,419	99.97
1996	2,573,037	2,499,334	97.14	71,509	2,570,843	99.91
1997	2,751,963	2,667,344	96.93	73,620	2,740,964	99.60
1998	2,839,916	2,750,397	96.85	83,350	2,833,747	99.78
1999	2,670,060	2,588,990	96.96	88,660	2,677,650	100.28
2000	2,382,799	2,316,003	97.20	86,357	2,402,360	100.82
2001	2,291,169	2,204,369	96.21	66,796	2,271,165	99.13
2002	2,381,982	2,298,036	96.48	86,880	2,384,916	100.12
2003	2,539,697	2,426,907	95.56	76,800	2,503,707	98.58
2004	2,645,476	2,547,782	96.31	112,790	2,660,572	100.57
2005	2,621,822	2,512,341	95.82	97,694	2,610,035	99.55

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
General Bonded Debt History
June 30, 2005
(unaudited)

Fiscal Year Ended June 30	Population Per Federal Census	Adjusted Taxable Equalized Valuation	General Obligation Bonds Outstanding	Percent Debt to Assessed Value	Debt Per Capita
1995	17,715	553,082,641	19,222,476	3.48	1,085.10
1996	17,715	563,243,330	18,670,214	3.31	1,053.92
1997	17,715	571,610,720	21,482,229	3.76	1,212.66
1998	17,715	589,917,990	20,044,431	3.40	1,131.49
1999	17,715	610,299,625	18,850,458	3.09	1,064.10
2000	17,215	630,386,880	17,366,337	2.75	953.41
2001	17,080	652,775,780	16,280,669	2.49	952.92
2002	17,080	688,453,470	14,892,924	2.16	871.70
2003	17,080	723,570,576	13,636,276 (2)	1.88	798.14
2004	17,080	747,319,492	14,499,672	1.94	848.93
2005	17,080	778,924,550	11,015,199	1.41	644.92

Source: *Comptroller's Office*

1) Based upon 2000 Federal Census	\$ 2,155,000
2) 2003 Recreation Refunding Milk River Drain Debt	8,860,199
	<u>\$ 11,015,199</u>

City of Grosse Pointe Woods, Michigan
Schedule of Legal Debt Margin
June 30, 2005
(unaudited)

Taxable valuation - December 31, 2003 (original roll)

\$ 778,377,290

	Actual Net Debt	Legal Limitation		Available Debt Margin
		Percent of Assessed Value	Amount	
Debt subject to Charter limitations (see Note)	\$ 2,155,000	10	\$ 77,837,729	\$ 75,682,729
Refunding Bonds - Park & Recreation	-	flat	-	-
Installment loans, 5-year maximum term	-	-	-	-
Special assessment (Building Authority G.O. Bonds)	-	5	-	-
Total debt subject to Charter limitation	2,155,000			
Debt not subject to Charter limitations				
Water and Sewer Revenue Bonds 1993	405,000			
Grosse Pointe Drain	8,860,199			
Water/Sewer Revenue Bonds 2003	5,300,000			
Total debt not subject to Charter limitations	14,565,199			
Less: Redemption funds	(1,977,820)			
	12,587,379			
Total net debt	\$ 14,742,379			

Notes: Chapter 10 of City Charter establishes debt limitations.

State statutes define valuations applicable to local Charter limitations per taxable valuations (as of December 31, 2003).

Redemption funds include monies in: a) Wayne County Drain Funds (1,509,853)

b) Water/Sewer Escrowed Funds (\$467,967)

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
Schedule of Direct and Overlapping Debt
June 30, 2005
(unaudited)

	Gross Debt	Less Redemption Funds	Net Debt	Percent Applicable to City	City Share of Debts
Direct debt, general obligation debt	\$ 11,015,199	(1) \$ 1,509,868	\$ 9,505,331	100%	\$ 9,505,331
Overlapping debt					
Grosse Pointe Public Library	18,380,000	-	18,380,000	27	4,966,276
Grosse Pointe Public Schools	63,835,000	-	63,835,000	27	17,248,217
County of Wayne Building Authority and Debt Fund	113,048,753	-	113,048,753	2	1,921,829
Wayne County Community College	67,830,000	-	67,830,000	3	1,824,627
Total overlapping debt	263,093,753	-	263,093,753		25,960,949
Total direct and overlapping debt	\$ 274,108,952	\$ 1,509,868	\$ 272,599,084		\$ 35,466,280

Source: *Municipal Advisory Council of Michigan*

1) 2003 Park Refunding Bonds	\$ 2,155,000
Grosse Gratiot Drain	8,860,199
	<u>\$ 11,015,199</u>

City of Grosse Pointe Woods, Michigan
1986 Water and Sewer System Revenue Bonds – Revenue Bond Coverage
June 30, 2005
(unaudited)

Fiscal Year	Operating Revenues (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements (3)		
				Principal	Interest	Total Coverage
1995	2,614,574	1,932,501	682,073	48,000	189,250	237,250 2.87
1996	4,227,412	2,356,132	1,871,280	35,000	181,924	216,924 8.63
1997	3,857,735	2,724,559	1,133,176	182,573	75,554	258,127 4.39
1998	3,676,761	3,097,081	579,680	155,969	48,792	204,761 2.83
1999	4,287,752	2,948,960	1,338,792	129,719	64,800	194,519 6.88
2000	4,355,092	2,728,037	1,627,055	150,000	59,313	209,313 7.77
2001	3,885,071	3,299,632	585,439	170,000	80,916	250,916 2.33
2002	3,830,999	2,988,262	842,737	467,652	116,671	584,323 1.45
2003	4,112,139	4,079,550	32,589	544,556	85,940	630,496 0.05 (4)
2004	4,007,523	4,413,105	(405,582)	552,688	210,941	763,629 - (4)
2005	4,523,148	4,463,250	59,098	205,000	196,933	401,933 0.15 (4)

Notes

- (1) Exclusive of nonoperating revenues.
- (2) Exclusive of depreciation charges and nonoperating expenditures.
- (3) Includes principal and interest of revenue bonds only.
- (4) The Water/Sewer Fund had operating transfers-in of \$770,000 which increase the amount available for debt service

Source: *Comptroller's Office*

City of Grosse Pointe Woods, Michigan
Municipal Insurance Coverage
June 30, 2005
(unaudited)

Description of Coverage	Limits of Coverage	Term of Policy	Date of Expiration	Name of Insurance Carrier
Comprehensive Insurance				
Public and institutional property				
Plan on all City buildings	\$ 10,867,500	12 months	9/30/05	Travelers Arch Insurance Co.
Valuable papers	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
Extra expenses	500,000	12 months	9/30/05	Travelers Arch Insurance Co.
Boiler, broad form, all locations	10,867,500	12 months	9/30/05	Travelers Arch Insurance Co.
Computer hardware	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
Computer software	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
Inland Marine	2,125,000	12 months	9/30/05	Travelers Arch Insurance Co.
Liability Insurance				
Comprehensive general automobile liability				
Bodily injury	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
Property damage	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
Uninsured motorists	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
Marina operators	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
General law enforcement	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
Excess liability	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
Public officials	11,000,000	12 months	9/30/05	Travelers Arch Insurance Co.
Automobile physical damage	2,200,000	12 months	9/30/05	Travelers Arch Insurance Co.
Fidelity Insurance				
Public Employee Faithful Performance Blanket Position Bond				
City Administrator	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
City Comptroller/Treasurer	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
Cashier	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
City Clerk	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
City Constable	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
All other employees	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
Securities, special coverage	25,000	12 months	9/30/05	Travelers Arch Insurance Co.
Municipal Judge Surety Bond	250,000	12 months	9/30/05	Travelers Arch Insurance Co.
Fiduciary Coverage/Retirement System	1,000,000	12 months	9/30/05	Federal Insurance Co.
Liability Insurance, workers' compensation and employer's liability	350,000	12 months	6/30/05	Self-Insured
Miscellaneous Coverage				
Volunteer Public Safety Officers' Blanket Accident				
Principal sum	250,000	12 months	9/30/05	Alliance Life
Weekly accident benefit	100/week	12 months		
Employee term life insurance	20,000/45,000	12 months		
Travel accident	-	12 months	11/30/05	American United
Crossing guard - Medical	250,000	12 months	7/13/05	Commercial Life
Crossing guard - Death	10,000	12 months		Gerber Life

City of Grosse Pointe Woods, Michigan
Salaries and Surety Bonds of Principal Officials
June 30, 2005
(unaudited)

Position	Annual Salary	Surety Bond Amount
Mayor	\$ 6,000	\$ 250,000
Council (6), each member	3,750	250,000
Administrator	93,000	250,000
Comptroller/Treasurer	88,580	250,000
Municipal Judge	30,000	250,000
Attorney	Contractual	250,000
City Clerk	68,959	250,000
All other employees	Various	250,000

City of Grosse Pointe Woods, Michigan
General Fund Expenditures and Other Uses History
June 30, 2005
(unaudited)

Fiscal Year Ended	Department of Administration	Department of Public Safety	Department of Public Works	Department of Parks and Recreation	General Debt Service	Other Expenditures	Total Expenditures	Ratio of General Debt Service to Total Expenditures
Fiscal Year Ended June 30								
1995	\$ 1,217,801	\$ 3,822,560	\$ 687,007	\$ 760,024	\$ 465,000	\$ 1,191,350	\$ 8,143,742	5.71
1996	1,253,350	3,924,154	685,368	770,870	441,700	1,295,000	8,370,442	5.28
1997	1,388,678	3,945,060	730,366	836,824	450,000	1,824,578	9,175,506	4.90
1998	1,290,693	3,955,014	801,295	962,587	367,300	2,181,080	9,557,969	3.84
1999	1,561,042	4,199,775	797,149	1,159,886	368,000	2,005,000	10,090,852	3.65
2000	1,727,984	4,071,328	797,303	1,265,700	381,500	2,424,700	10,668,515	3.58
2001	1,728,964	4,290,521	847,871	1,431,515	393,180	2,890,283	11,582,334	3.41
2002	1,990,793	4,244,616	761,797	1,036,071	458,000	2,698,456	11,189,733	4.09
2003	2,016,639	4,420,696	834,981	1,523,565	473,000	2,410,303	11,679,184	4.05
2004	2,187,028	4,441,260	822,600	1,610,864	494,900	2,428,890	11,985,542	4.13
2005	2,338,073	5,010,853	861,472	1,695,410	355,000	2,354,979	12,615,787	2.81

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
General Fund Revenues – Excluding Property Taxes and Special Assessment
June 30, 2005
(unaudited)

Fiscal Year Ended June 30,	State- Shared Revenues	Licenses and Permits	Violation Bureau	Other Operating Revenues	Total
1995	\$ 1,612,227	\$ 309,429	\$ 611,123	\$ 941,562	\$ 3,474,341
1996	1,555,109	309,959	653,339	907,356	3,425,763
1997	1,821,009	398,102	729,832	934,601	3,883,544
1998	1,954,483	447,785	710,569	1,020,845	4,133,682
1999	2,413,385	446,581	678,213	1,071,743	4,609,922
2000	2,162,019	509,442	628,346	1,103,059	4,402,866
2001	2,107,637	573,235	382,289	1,154,797	4,217,958
2002	1,956,485	609,619	473,468	808,541	3,848,113
2003	1,842,388	625,658	518,702	935,287	3,922,035
2004	1,656,709	443,118	582,168	1,742,969	4,424,964
2005	1,655,968	917,377	717,903	875,740	4,166,988

Source: Comptroller's Office
(Excludes operating transfers (in))

City of Grosse Pointe Woods, Michigan
Principal Taxpayers
June 30, 2005
(unaudited)

Taxable Valuation (Adjusted) \$778,924,550

Taxpayers	Type of Business	Taxable Valuation	Percentage of Total Taxable Valuation
Detroit Edison	Utility	\$ 5,595,050	0.72 %
Lochmoor Club	Private club	4,811,250	0.62
Pointe Plaza	Real Estate	4,005,920	0.51
Michigan Consolidated Gas Co.	Utility	3,474,230	0.45
Great Atlantic & Pacific	Commercial	3,030,510	0.39
Colliers International	Real Estate	2,599,620	0.33
St. Johns Hospital	Hospital	1,741,640	0.22
Peters Funeral Home	Mortuary	1,548,140	0.20
St. John Health System	Medical	1,214,300	0.16
LaSalle Bank	Financial	983,150	0.13
Total		\$ 29,003,810	3.73 %

Source: Comptroller's/Assessor's Office

City of Grosse Pointe Woods, Michigan
Demographic Statistics
June 30, 2005
(unaudited)

Fiscal Year	Population	Per Capita Income	School Enrollment	Unemployment Rate
1995	18,150	\$ 19,500	8,205	2.20%
1996	18,400	19,500	8,407	2.00%
1997	18,400	20,000	8,517	1.00%
1998	18,200	20,600	8,644	1.00%
1999	18,200	21,000	8,666	1.20%
2000	18,215	49,200 (1)	8,708	1.10%
2001	17,080	30,050	8,873	1.25%
2002	17,080	38,653	8,900 (2)	1.50%
2003	17,080	42,364	8,900 (2)	1.40%
2004	17,080	43,600	9,182	1.50%
2005	17,080	44,720	8,986	1.74%

Source: Grosse Pointe Public School System, Michigan Department of Career Development

- 1) Household median income
- 2) Estimate

City of Grosse Pointe Woods, Michigan
New Construction, Property Value and Bank Deposits
June 30, 2005
(unaudited)

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits at June 30 (2)	Property Value (3)		
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Nontaxable
1995	2	277,590	3	434,795	6,692,405	35,069,200	522,878,830	Schools and Churches
1996	5	916,000	12	2,096,225	7,631,360	34,998,300	522,876,830	Schools and Churches
1997	3	379,500	10	1,823,059	16,078,674	35,323,520	524,834,610	Schools and Churches
1998	1	3,375,000	8	1,752,792	13,718,228	36,051,330	541,618,100	Schools and Churches
1999	1	1,000,000	13	3,949,672	12,339,304	36,540,380	561,292,880	Schools and Churches
2000	2	14,830,000	4	1,035,000	12,189,085	38,531,410	578,695,970	Schools and Churches
2001	7	233,000	3	3,490,000	12,060,320	38,778,610	600,122,660	Schools and Churches
2002	1	932,234	3	540,000	11,939,159	36,605,260	631,848,210	Schools and Churches
2003	-	490,220	-	9,351,343	8,317,741	43,334,169	665,127,760	Schools and Churches
2004	-	11,954,168	-	8,711,754	6,196,504	45,117,196	682,780,721	Schools and Churches
2005	3	21,323,131	2	575,000	3,919,211	46,814,550	714,320,870	Schools and Churches

Notes:

- (1) Based on building permits issued by the City's Department of Building and Zoning Codes, property values are estimated construction costs.
- (2) Bank deposits include balances in commercial banks (does not include investment or monies held Trust and Agency Funds).
- (3) Taxable values provided by local Assessor's Office (does not include industrial and personal property).

City of Grosse Pointe Woods, Michigan
Miscellaneous Statistical Data
June 30, 2005
(unaudited)

INCORPORATED AS HOME RULE VILLAGE - JANUARY 4, 1927
 INCORPORATED AS HOME RULE CITY - DECEMBER 31, 1950

AREA INCORPORATED - 3.28 SQUARE MILES

STREETS AND ALLEYS

Miles of streets 53.95
 Major systems 13.44
 Local systems 40.51
 Miles of alleys 1.68
 Miles of water mains 75.00
 Miles of sidewalks 106.81
 Miles of sewer lines 98.00
 Number of streetlights 1,604

POPULATION DATA

1930 Federal census 961
 1940 Federal census 2,805
 1950 Federal census 10,381
 1960 Federal census 18,580
 1970 Federal census 21,878
 1980 Federal census 18,886
 1990 Federal census 17,715
 2000 Federal census 17,080

ELECTION DATA

Registered voters - 2003 13,057
 Votes cast 2003 general election 3,845
 Percentage voting 2003 general election 29%

BUILDING ACTIVITY 7/1/02 TO 6/30/03

New Residential building permits 2
 New Commercial building permits 3
 Other building permits issued* 1,009
 Estimated construction cost of permits \$ 30,817,793

POLICE AND FIRE PROTECTION

Combined Public Safety Department
 Full-time officers 41
 Auxiliary public safety 22
 Civilian personnel 27
 Municipal employment 6/30/02
 Full-time personnel 98
 Part-time personnel 20
 Seasonal 150

MUNICIPAL PARKING SYSTEM

Metered parking spaces
 Off-street 527
 On-street (Mack Avenue) 351
 Metered lots (Mack Ave.) 8